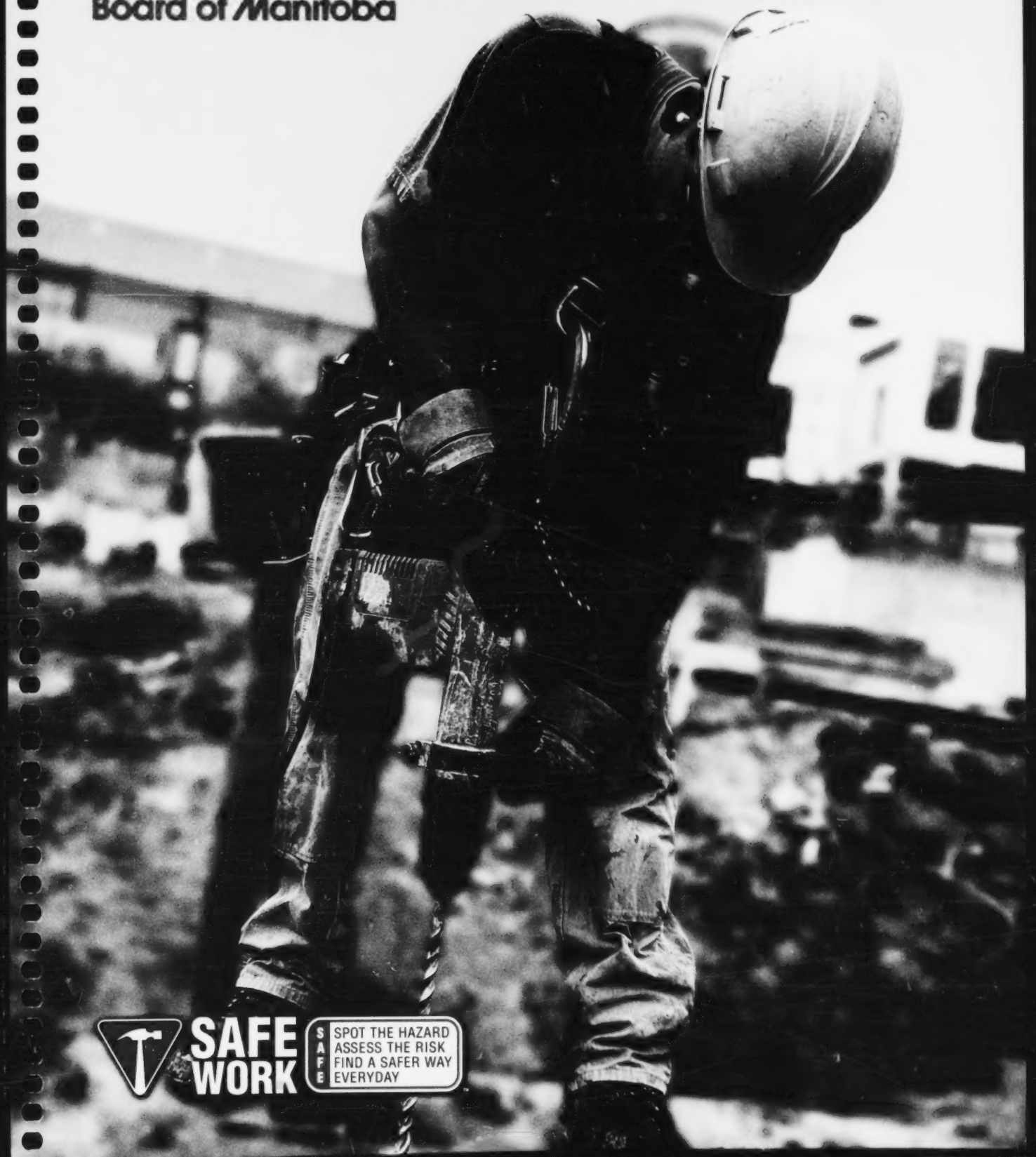
WCB
Workers Compensation
Board of Manitoba

2006 ANNUAL REPORT

SERVICE DRIVEN. SAFETY MINDED.



LETTER TO THE MINISTER

The Honourable Nancy Allan
Minister Responsible for *The Workers Compensation Act*
Room 317, Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Minister:

We are pleased to present our 2006 Annual Report in accordance with the provisions of *The Workers Compensation Act*. This report covers the twelve month period from January 1, 2006 to December 31, 2006. It includes the statements of accounts required to be kept under the Act.

Respectfully submitted,

Tom J. Farrell
Chairperson

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2007-04536/

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This document is also available in large print format. Please call 954-4760, toll-free 1-800-362-3340 or email info@wcb.mb.ca.

For further information about the WCB's future plans, please refer to the 2007-2011 Five Year Plan on our website at www.wcb.mb.ca.

ABOUT THE WCB

The Workers Compensation Board of Manitoba is an injury and disability insurance system for workers and employers, paid for by employers.

About Our Staff

The WCB workforce is made up of approximately 500 individuals, all dedicated to providing excellent service to Manitoba workers and employers. We welcome diversity with our strong commitment to employment equity, and offer a wide range of opportunities for staff members to continue developing their unique skills and abilities.

About Our Services and Benefits

The very best the WCB can do for Manitoba workers and employers is to help them prevent workplace illnesses and injuries from occurring in the first place. To help achieve that goal, we have partnered with the Manitoba government's Workplace Safety and Health Division to build a safety culture in Manitoba.

If individuals are hurt or become ill as a result of their work, however, we're here to help. The WCB offers a wide range of benefits to help injured workers return to health and meaningful work as soon as safely possible. Benefits include:

- replacement of lost income
- healthcare treatments and payment of medication costs
- employment retraining
- lump sum payments for permanent impairments and
- benefits to spouses and children in the event of a workplace death.

About the WCB's Community Support

Through its Community Initiatives and Research Program (CIRP), the WCB provides up to $1 million annually to fund projects that will help keep Manitoba workers safe at work, or recover as quickly as possible if they are injured on the job.

The CIRP provides an important instrument for our community partners to help reduce the pain and suffering of Manitoba's injured workers and their families.

VISION, MISSION AND VALUES

The WCB announced a new Vision statement in 2006 along with enhanced Mission and Values statements. *The Workers Compensation Act* mandates the WCB to promote safety and health in workplaces to reduce the occurrence of workplace injuries and disease, in addition to providing compensation services and helping injured workers safely return to productive work. This mandate gives the WCB a dual focus of prevention and recovery which is reflected in the following Vision, Mission and Values statements:

VISION

SAFE Work – A Way of Life

MISSION

Working with its partners, the Workers Compensation Board of Manitoba promotes safe and healthy workplaces, promotes recovery and return to work, provides compassionate and supportive compensation services for workers and employers, and ensures responsible financial stewardship.

VALUES

We are committed to being a safe workplace that:

- Operates with fairness, integrity and respect
- Provides services that are fast, easy, caring, right and clear
- Strives for excellence
- Manages our resources efficiently and effectively
- Operates in an open and transparent manner
- Is accountable to the public and our partners
- Develops our staff and provides a supportive, innovative and creative environment
- Meets the diverse needs of our clients in a comfortable and welcoming way
- Provides a respectful and diverse workplace reflective of Manitoba
- Works collaboratively with our partners
- Is a valued member of the community

WCB
Workers Compensation Board of Manitoba
SAFE Work - A Way of Life

MESSAGE FROM THE CHAIRPERSON AND PRESIDENT AND CEO

2006 was a momentous year for the WCB as we introduced the most significant changes to the workers compensation system that we have seen in many years.

New workers compensation legislation came into effect this year. *The Workers Compensation Act* made important changes to the compensation system, shaping how we provide service to Manitobans. Introducing an obligation to re-employ workers injured on the job, modernizing the WCB's governance structure, officially strengthening our commitment to injury prevention, eliminating the provision for benefit reduction after two years and allowing for compensation based on a worker's full salary are just some of the changes that were included in the Act.

Also shaping how we provide service to Manitobans is our Vision statement, *SAFE Work – A Way of Life*. Created in 2006, our vision reflects the desire of the WCB and its partners to prevent injuries and foster a strong workplace safety and health culture in Manitoba through the SAFE Work initiative. Our vision, however, has a much broader scope than prevention. The scope of our vision also includes other ideas about safety such as Manitobans being able to safely return to work, safely assert their rights in the workplace, and safely report an injury.

Tom Farrell, Chairperson and Doug Sexsmith, President and CEO

In addition to creating a Vision statement, we enhanced our Mission and Values statements in 2006. One of our values is to use our resources efficiently and effectively. In the area of prevention, we did just that by quickly addressing the problem of increasing injuries in Manitoba's construction industry with our partners. Another value is to work collaboratively with our partners. We saw this value come alive when key partners invested in a media campaign to help promote workplace safety throughout the province. Our partners also helped us raise safety awareness among Manitoba's youth.

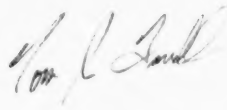
The prevention activities we undertook with our partners have been effective. The time loss injury rate has decreased by 19 percent since 2000. In 2006, however, we saw the time loss injury rate leveling off to 4.7 injuries per 100 workers. This is a call to action for the redoubling of prevention efforts.

Along with prevention, we continued to promote the recovery of injured workers. In 2006 we expanded medical education initiatives and improved the timeliness and consistency of medical opinions we provided to staff. Since returning to work is an important part of returning to health, we consulted with stakeholders on the obligation to re-employ injured workers which takes effect on January 1, 2007. We also expanded the SAFE Work team to assist employers with their efforts to meet the requirements of this obligation.

Service is a key element in our prevention and recovery initiatives and is a significant focus at the WCB. In fact, we enhanced our Mission statement to emphasize just how important it is to provide good service to Manitobans. Legislative changes support this service focus by providing new or improved benefits for workers. Some of the service initiatives undertaken in 2006 included consultation with stakeholders on extension of coverage and the launch of the electronic claim file system in Case Management. Our service initiatives were acknowledged with a score of 8.1 out of 10 in our third quarter external customer satisfaction survey – a new milestone for the WCB.

Our enhanced Mission statement also reinforces our commitment to responsible financial stewardship. In 2006 the WCB saw an operating surplus of $6 million primarily due to strong investment income. Since superior investment results help keep assessment rates low, we were able to provide employers who do business in our province with the advantage of the second lowest average assessment rate in the country for 2006.

Our ongoing commitment to prevention, recovery, service and stewardship will ultimately help us to achieve our goal of safe and healthy workers employed in thriving workplaces. Until the day SAFE Work is a way of life for everyone and there are no more workplace injuries, we are committed to providing compassionate and supportive compensation services to Manitobans.



Tom J. Farrell
Chairperson

Doug Sexsmith
President and CEO

BOARD OF DIRECTORS AND BOARD COMMITTEES

By statute, the Board of Directors consists of 10 members appointed by the Government of Manitoba from nominations submitted by employers, labour and the public. The tripartite representation includes a neutral Board Chairperson, three representatives of workers, three representatives of employers and three representatives of the public interest. The Chief Executive Officer is a non-voting member of the Board of Directors.

The role of the Board of Directors is to approve and oversee the direction of the WCB, which includes setting strategic direction, making policies about compensation, rehabilitation, assessment and investment of the accident fund reserve, and monitoring progress in these areas.

As stewards of the compensation system, the Board of Directors plans for its future. In 2006, the Board approved a new Vision statement along with enhanced Mission and Values statements. These statements guide us as we and our stakeholders adapt to the constantly changing nature of modern work.

In 2006, building on legislative changes to strengthen its mandate and structure, the Board of Directors continued the modernization of its governance framework.

BOARD OF DIRECTORS

Tom Farrell	*Chairperson*
Marla Garinger Niekamp	*Worker Representative*
Bob Sample	*Worker Representative*
Wendy Sol	*Worker Representative*
Paul Challoner	*Employer Representative*
Ron Hambley	*Employer Representative*
Sharon Seabourne	*Employer Representative*
Elaine Cowan	*Public Interest Representative (to April 2006)*
Paula Keirstead	*Public Interest Representative*
Ken Sutherland	*Public Interest Representative*
Doug Sexsmith	*Chief Executive Officer (non-voting member)*

Board of Directors

L to R: Paul Challoner, Sharon Seabourne, Ken Sutherland, Tom Farrell, Doug Sexsmith, Bob Sample, Paula Keirstead, Ron Hambley, Wendy Sol

Missing: Marla Garinger Niekamp

BOARD COMMITTEES

To strengthen and modernize its governance, the Board of Directors established a new committee framework, including terms of reference for the Board and each Committee. Building on the legislative framework of *The Workers Compensation Act*, the Board established the following Committee structure:

Policy, Planning and Governance Committee

Marla Garinger Niekamp	*Committee Chairperson and Worker Representative*
Elaine Cowan	*Public Interest Representative (to April 2006)*
Paula Keirstead	*Public Interest Representative (from April 2006)*
Sharon Seabourne	*Employer Representative*
Tom Farrell	*Chairperson*
Doug Sexsmith	*Chief Executive Officer (non-voting member)*

The Policy, Planning and Governance Committee was previously called the Policy Committee. This Committee reviews and recommends changes to existing policy and initiates new policy through consultation with stakeholders of the WCB. In 2006, the Committee's mandate was expanded to include strategic planning and governance.

Service and Human Resources Committee

Paula Keirstead	*Committee Chairperson and Public Interest Representative*
Ron Hambley	*Employer Representative*
Bob Sample	*Worker Representative*
Tom Farrell	*Chairperson*
Doug Sexsmith	*Chief Executive Officer (non-voting member)*

The Service and Human Resources Committee was previously called the Service Committee. This Committee assists the WCB Administration in accelerating and monitoring service improvements and recommends approval of funding under the WCB's Community Initiatives and Research Program. In 2006, the Committee's mandate was expanded to include human resources.

Audit Committee

Ron Hambley	*Committee Chairperson and Employer Representative*
Marla Garinger Niekamp	*Worker Representative*
Ken Sutherland	*Public Interest Representative*
Tom Farrell	*Chairperson*
Doug Sexsmith	*Chief Executive Officer (non-voting member)*

In 2006, *The Workers Compensation Act* introduced the requirement for an Audit Committee. The Audit Committee assists the Board in fulfilling its oversight responsibilities and reviews and advises the Board of Directors about the annual report and audited financial statements. The Committee also meets with the Auditor General and external and internal auditors, approves internal audit activities and makes recommendations to the Board of Directors about the WCB's internal control procedures, standards of conduct and conflict of interest guidelines.

Investment and Finance Committee

Ken Sutherland	*Committee Chairperson and Public Interest Representative*
Paul Challoner	*Employer Representative*
Wendy Sol	*Worker Representative*
Bob Darling	*External Voting Member*
Tom Farrell	*Chairperson*
Doug Sexsmith	*Chief Executive Officer (non-voting member)*

Previously, responsibility for investments rested with the independent Investment Committee as set out in *The Workers Compensation Act*. As a result of amendments to the Act, the Board of Directors is now responsible for investments and the Investment and Finance Committee became a Board Committee. In recognition of the value of investment expertise, the Board of Directors has appointed an external voting member to the Committee who is not a Board member.

The Investment and Finance Committee develops policy for the prudent investment of the WCB's accident fund reserve, regularly reviews and advises the Board of Directors about accident fund reserve investments and makes recommendations to the Board of Directors about the engagement of appropriate investment managers or advisors. The Committee is also responsible for reviewing the financial position of the WCB, including the annual budget, assessment rates and related financial policies.

YEAR AT A GLANCE

	2006	2005
Estimated number of workers covered	393,000	389,000
Number of registered employers	26,044	25,547
Total claims accepted	36,188	35,462
Time loss claims accepted	18,292	17,931
Fatality claims accepted	23	24
Claim costs incurred	$219,917,000	$180,245,000
Operating expenses	$53,220,000	$50,915,000
Average duration of claims (compensation)	34.4 days	34.8 days
Accident fund reserve balance	$99,675,000	$93,521,000
Average budgeted assessment rate	$1.68	$1.70

THEMES

There are four themes that provide a framework for how the WCB conducts business and organizes activities to meet the needs of stakeholders:

- **Prevention** – Protecting Workers and Preventing Injuries and Illnesses
- **Recovery** – Returning Workers to Health and Work
- **Service** – Continuously Improving Services to Workers and Employers
- **Stewardship** – Effectively Managing Human, Technological and Financial Resources

SAFE on **SITE**

To get even more safety messages out to construction sites, the WCB teamed up with industry safety associations to create the SAFE on Site program.

PREVENTION

Preventing workplace injuries and illnesses is one of the most important things the WCB does to improve the lives of Manitoba workers, their families and employers. Our vision, *SAFE Work – A Way of Life*, reflects the growing importance of prevention and guides the work we do to make workplaces safer and healthier. *SAFE Work – A Way of Life* is a vision we share with the Province of Manitoba's Workplace Safety and Health Division (WSHD) and our many partners in prevention.

Fostering a Culture of Safety and Health

A safety culture is one where Manitobans do not see injuries as an inevitable or acceptable part of working life. The WCB, along with its partners, is leading the cultural shift to safety in Manitoba.

SAFE Work is a program of the WCB and the WSHD that draws attention to the need to prevent workplace injuries and deaths. In 2006, we continued our successful awareness program, keeping the safety and health message in the public's mind with SAFE Work ads supporting prevention initiatives in industry sectors and among youth.

This popular program is having a positive impact in Manitoba. Almost seven out of 10 Manitobans surveyed say they think more about workplace safety this year than last. More than 90 percent of Manitobans support the SAFE Work campaign and more than eight out of 10 Manitobans are aware of SAFE Work.

Building Partnerships

Changing a culture requires everyone's participation which is why we focus on partnership building. SAFE Work, after all, is everyone's responsibility.

Our partners are committed to making Manitoba a safer place in which to work. Manitoba Hydro, Blue Cross, LAFARGE and Manitoba Floodway demonstrated this commitment by investing in a media campaign to support SAFE Work in their organizations and promote safety in the province.

We also reached out to leaders in the healthcare sector and shared best practices to further build a culture of safety and health with these organizational leaders.

Raising Safety Awareness among Youth

In 2006, we worked with our partners to bring the safety message to Manitoba's youth. Building on the national Take Our Kids to Work program, the Department of Education, students, and Manitoba Hydro presented Take Our Kids to SAFE Work Day to raise safety awareness among this group.

Continuing our focus on youth, the *Average Day* video and curriculum guide were developed in partnership with Manitoba Public Insurance, the Department of Education and SAFE Workers of Tomorrow. These resources encourage youth to think about safety when at work and on the road. Classrooms across the province make use of these resources through Driver Education, the regular school curriculum and SAFE Workers of Tomorrow presentations.

SAFE WORK

S SPOT THE HAZARD
A ASSESS THE RISK
F FIND A SAFER WAY
E EVERYDAY

Focused and Timely Action

Manitoba's booming construction sector experienced an increase in injuries in 2006. The construction industry, WSHD and the WCB moved quickly to address the problem. Additional Safety and Health Officers were added to inspect more construction sites and the WCB teamed up with industry safety associations to create the SAFE on Site program which delivers even more safety messages to construction sites. As part of the program, the WCB provided funding to hire two Red River College Safety and Health graduates who offered additional safety education at construction sites.

Building a Demand for SAFE Workplaces

Manitoba's labour shortage provided an opportunity to reinforce the message that SAFE Work is good for business. A media campaign focused on the advantages of a safe workplace for employers, highlighting the notion that workers can use the labour market to make employment choices based on an employer's commitment to safety.

SAFE WORK is GOOD for BUSINESS

Call to Action

The decline in Manitoba's time loss injury rate is leveling off. In 2006, 4.7 workers of every 100 missed time from their job because of a workplace injury or illness. The time loss injury rate has decreased 19 percent since 2000 but has been stabilizing over the last four years. Reversing this trend will require more Manitobans making the commitment to safe and healthy workplaces in 2007 and beyond.

RECOVERY

An injured worker's recovery involves a return to health and productive work.

The average number of days paid on a claim measures how successful we were in helping workers recover from workplace illness and injury and assisting them with their return to work. We have made progress – this measure decreased from 34.8 days in 2005 to 34.4 days in 2006.

Healthcare is an important part of the service we provide when helping injured workers return to health and work. In 2006, a record 3,400 healthcare examinations took place here at the WCB. Other noteworthy healthcare accomplishments this year were in the areas of internal service, healthcare provision, return to work and relationship building with the healthcare community.

Improved Internal Service

The timeliness and consistency of medical opinions WCB healthcare staff provided to Case Managers were improved. The medical examination process itself was reviewed by the WCB's Business Process Renewal team. The team recommended process improvements and standards designed to improve service to injured workers which will be implemented in 2007.

Healthcare Provision

We also increased our capacity to provide more effective healthcare outcomes in 2006. MRIs, specialist consultations and surgeries are all being done more quickly as a consequence of service agreements that we signed with service providers such as the Pan Am Clinic, Maples Surgical Centre and Western Surgery Centre.

In addition, the WCB negotiated new fee contracts with the Manitoba Medical Association and the Manitoba Branch of the Canadian Physiotherapy Association in 2006. These agreements provide financial predictability and create opportunities for service improvements for injured workers. The agreements, for example, help create a dialogue with healthcare professionals about issues such as return to work through the establishment of liaison committees.

Enhancing Relationships in the Healthcare Community

The WCB expanded its continuing medical education initiatives considerably, working together with the medical community to increase knowledge and improve methods of treating workplace injuries. We contracted with an expert in occupational disease to speak to healthcare professionals about occupational cancers. We coordinated education sessions with experts in such fields as orthopedics and chiropractic that were open to the healthcare community. Working with the University of Manitoba's Continuing Medical Education program, we also provided education about workers compensation issues for family physicians in Winnipeg and throughout the province in such towns as Dauphin and Thompson.

Return to Work Supported by Legislation

In 2006, we prepared for new legislation concerning the obligation to re-employ injured workers coming into effect January 1, 2007. The WCB consulted with stakeholders, developed and adopted policy to guide implementation of the obligation, provided training to staff and further communicated with our stakeholders.

The obligation provides a return to work guarantee in certain defined situations to workers injured in the course of their employment, supporting the WCB's continuing efforts to advance a return to health and productive employment as soon as safely possible for injured workers.

SERVICE

The WCB is committed to service quality and strengthening our stakeholder relationships. In 2006, we successfully measured our accomplishments and explored new service opportunities, both internally and externally.

Service Improvements

Changes to *The Workers Compensation Act* led to a number of important customer-oriented changes in 2006. Some examples of these changes that apply to injuries occurring on or after January 1, 2006, include:

- enhancements to permanent partial impairment levels
- compensation equal to 100 percent of net income to be paid to those injured workers who need it most
- employers paying workers for the first day of an injury
- compensation based on full salary for all covered workers through the removal of the limit on insurable earnings and
- injured workers on wage loss benefits for 24 months no longer having their wage loss benefits reduced from 90 percent to 80 percent of net wages.

Another change that occurred in 2006 was in the area of extending workers compensation coverage to related industries. (Related industries share similar risks and types of work to industries we already cover.) Following extensive consultations with affected industries and other stakeholders, preparations were made to extend coverage to related industries effective January 1, 2007. This is a significant development since no new industries have been covered by the WCB since the 1960's.

The quality of service we provide is just as important as providing new services to Manitobans. In 2006, our service quality initiative in Case Management allowed us to provide high quality and correct adjudication of claims through file reviews. The reviews identified opportunities that will lead to improvement in the management of claims.

As the quality of our service improved in 2006, so did our speed of service. Our goal is to provide injured workers with their first payment within 14 days of the date of injury for 70 percent of time loss claims. In 2006, we continued to make progress on this measure, paying 55 percent of workers within 14 days of their injury, an improvement of 20 percent since 2005.

Return to Work

The WCB consulted with stakeholders and developed new policies to help workers safely return to health and productive work. We also provided workers, employers and healthcare practitioners with information describing how return to work programs are good for injury recovery, business and health.

We further solidified our commitment to helping injured workers return to work by hiring an additional Return to Work Coordinator to support employer development of disability management programs, provide sensitivity training to staff and make additional resources available on the WCB website.

Reaching Out to Stakeholders

We held formal consultations with stakeholders on extension of coverage and the new re-employment obligation. We also scheduled meetings throughout the year to inform stakeholders about other WCB activities and solicit input.

A number of targeted publications were developed and distributed to address areas of specific need. Chief among these were a worker handbook, an introduction to the WCB for employers, a guide to changes in legislation and information on the new re-employment obligation. We also worked to increase awareness about transitional services available to injured workers leaving the WCB system.

Updated Systems

In 2006, the electronic claim file system was rolled out to the Case Management staff in Thompson and the majority of Case Management staff in Winnipeg. Case Management staff prepared for the roll out by participating in a pilot project and attending extensive training sessions. New files now move seamlessly between departments in a completely electronic format, allowing instant access to files and more efficient customer service.

The WCB is also working on a long term plan to enhance employer services and met with many employer groups to discuss their needs throughout the year. Plans are in place to align existing resources with technological improvements to eventually offer services such as online registration and flexible payment options.

Commitment to Service Culture

Our continuous service improvement was rewarded once again in 2006, as we celebrated a new milestone on our external customer satisfaction survey, receiving 8.1 out of 10 in the third quarter. In 2006, injured worker satisfaction was was 7.9 out of 10 while employer satisfaction was 7.2 out of 10.

We now seek customer service feedback from injured workers who have active claims. This process has helped us identify successes and areas for improvement in a timely manner, without having to wait until the claim is closed.

Our continuous service improvement was rewarded once again in 2006, as we celebrated a new milestone on our external customer satisfaction survey, receiving 8.1 out of 10 in the third quarter.

If you're
hurt at work,
we're
here to help.

The WCB average assessment rate continues to be one of the lowest rates in the country. The 2006 budgeted average assessment rate paid by Manitoba employers for workers compensation coverage was relatively stable at $1.68 per $100 of assessable payroll.

We also continued to nurture our own service culture since the service we provide to each other shapes the service we provide to Manitobans. In 2006, the second yearly internal customer satisfaction survey asked staff to assess the Finance Department's internal customer service. The feedback from this survey resulted in a number of service improvements the Finance Department provides to the organization. A different department will take on this initiative every year.

STEWARDSHIP

The WCB is the steward of hundreds of millions of dollars in revenue and assets, human resources and the many other elements of a service organization. To manage these resources efficiently and effectively, the organization undertakes many initiatives throughout the year.

Smooth Transition to New Legislation

On January 1, 2006, amendments to *The Workers Compensation Act* came into effect that removed the ceiling on injured workers' benefits. As these changes occurred, the WCB raised the ceiling on employers' assessable earnings, which the WCB uses to determine premiums. The ceiling on assessable earnings is being gradually lifted.

2006 was the first year the WCB operated under the amended and modernized version of the Act. We were ready for these amendments and the transition to working under the new legislation was smooth. New legislation costs were on budget. We also maintained customer service standards and in some areas, exceeded them.

Continued Strong Financial Performance

The WCB continued to show a strong financial performance, realizing an operating surplus of $6 million in 2006. Buoyant investment markets yielded above average investment income which offset $40 million in increases to the actuarial valuation of our benefit liabilities.

The accident fund reserve reached $100 million as at December 31, 2006, growing closer to our target of $182 million. Overall, the WCB is in good financial shape with a total funding ratio of 130 percent. A ratio over 100 percent means that there are more assets than required to cover the cost of WCB liabilities.

The WCB average assessment rate continues to be one of the lowest rates in the country. The 2006 budgeted average assessment rate paid by Manitoba employers for workers compensation coverage was relatively stable at $1.68 per $100 of assessable payroll. This was the second lowest assessment rate among all Canadian jurisdictions.

Action Taken on Auditor General's Recommendations

In January 2006, the Office of the Auditor General (OAG) presented a report on WCB practices in investments, governance and human resources. The WCB set up an Implementation Steering Committee, chaired by the WCB Internal Auditor, which addressed all the recommendations of the OAG. Three-quarters of the recommendations were implemented and significant progress is being made on the remainder.

WCB
Workers Compensation Board of Manitoba

Committed to Organizational Development

WCB staff continue to participate in job related training and development to improve organizational effectiveness and service provided to customers. In 2006, we increased learning and professional development opportunities and saw a healthy organization initiative underway.

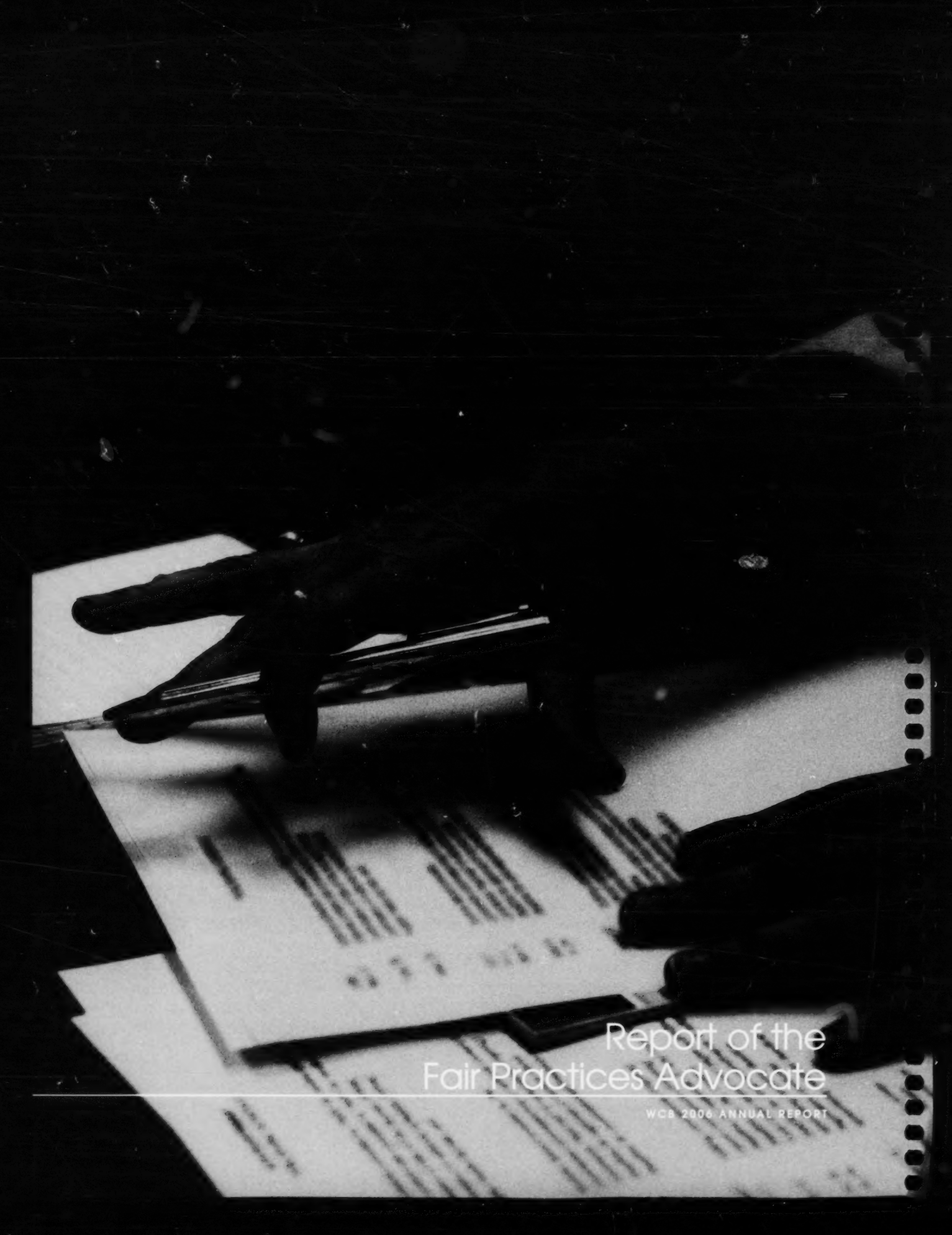
Collective Agreement Negotiated

We negotiated a new three-year collective agreement using interest based bargaining techniques. Interest based bargaining takes a non-confrontational approach to bargaining. It is a negotiation style that encourages creativity, information sharing and participation and focuses on interests, not positions. Using this technique resulted in discussions at bargaining that were open and participative and led to options that satisfied our mutual interests, contributing to WCB operational stability.

Dedicated to Community Leadership

The WCB is committed to being a valued member of the community. In 2006, 69 percent of Manitobans surveyed indicated that we made a positive contribution to the province.

Some of the activities we participated in throughout 2006 that supported the community in which we work included taking part in a successful 2006 United Way campaign and partnering with Connect Employment Services, an organization that helps people with intellectual disabilities find work in the community. Our partnership with Connect demonstrated that Connect clients can fully participate in the workplace and become valued staff members.



Report of the Fair Practices Advocate

WCB 2006 ANNUAL REPORT

REPORT OF THE FAIR PRACTICES ADVOCATE 2006

In 1989 the Workers Compensation Board considered the issue of fairness to be so important they created an office to specifically address it. Other Boards have followed Manitoba's leadership since that time. Manitoba was the first and, to date, the only jurisdiction to legislate the function. Effective January 1, 2006, *The Workers Compensation Act* was amended to include the Fair Practices Advocate.

The staff of the Fair Practices Office and I are privileged to serve the injured workers and employers of Manitoba in an environment that continually demonstrates its commitment to fairness.

MANDATE

The Fair Practices Office provides the services of an organizational ombudsperson for employers and injured workers who feel they have been aggrieved by an act, omission or unfair practice of the WCB. This is accomplished through dispassionate and thorough investigation that suspends judgment until the evidence has been gathered and evaluated.

The goal of the Fair Practices Office is to determine whether a remedy is available for the issues brought forward. If a remedy is required, staff in the Office will assist in the most expeditious manner available. At the same time, root causes are also examined to assist the Administration in effecting systemic solutions. Through these activities, the Office contributes to the accountability of the Workers Compensation Board for its acts and decisions.

PROCESS

There is a typical approach followed by the Fair Practices Office when enquiries are received. First, the caller is encouraged to resolve their problem with the appropriate staff of the WCB. If the caller is willing to speak with WCB staff, the problem can sometimes be resolved through an exchange of information. Previously unknown information provided from either the caller or the WCB can be the key to resolution of the problem.

Should the caller require assistance, the Fair Practices Office will investigate the issue. After investigation, if it has been determined that there is not a fairness issue this will be explained to the caller. When it has been determined that there is an issue that requires intervention, the Fair Practices Office will contact the appropriate WCB staff to discuss steps to resolve the issue. If the issue is not resolved, the Fair Practices Advocate will approach senior staff to resolve the matter.

THEMES AND ISSUES

Issues brought to the Fair Practices Office are varied and the remedies required can be diverse. However, there are issues in the course of a year which stand out either because of their frequency or their importance.

Inability to have their telephone calls returned in a timely manner as well as having their calls routinely answered by a machine were issues for injured workers. Lack of contact with staff can create even greater stress than already exists for injured workers who have concerns about physical recovery, job loss and income. The Administration has indicated their intention to tackle this issue in 2007.

Another theme that resulted in the Fair Practices Advocate intervening with the management of a claim came when claims were rejected or terminated without a complete investigation. When asked to investigate further, staff, not uncommonly, came to a different conclusion than the one that created the complaint to the Fair Practices Office. To address this issue, the Administration has put in place a monitoring process where senior staff review a portion of the claims that are to be rejected prior to decisions being finalized.

An examination of the numbers of complaints to the Fair Practices Office for the last three years demonstrates that the efforts of the WCB have had a positive impact on service to stakeholders. The overall number of complaints fell from 905 in 2004 to 679 in 2005 and further to 540 in 2006. This is a significant reduction and the lowest number of complaints since accurate numbers have been recorded. The Administration has undertaken a number of initiatives in the past few years that contribute to this trend. The case management model, a positive attitude to service, technological improvements including electronic claim files, improvements in the management of the Healthcare department and a concerted effort to deal with timeliness issues have all played a part in reducing the number of complaints received.

Pat Macgillivray
Fair Practices Advocate

ENQUIRIES TO THE FAIR PRACTICES OFFICE

by Type 2003 - 2006

Year	2003 Total	2004 Total	2005 Total	2006 Total
Communication/Service	220	214	197	114
Disagreements with Decisions	240	223	152	144
Unadjudicated Claims	69	58	26	31
Process Delays	87	104	62	49
Information	240	306	242	202
Total	**856**	**905**	**679**	**540**

Category descriptions:

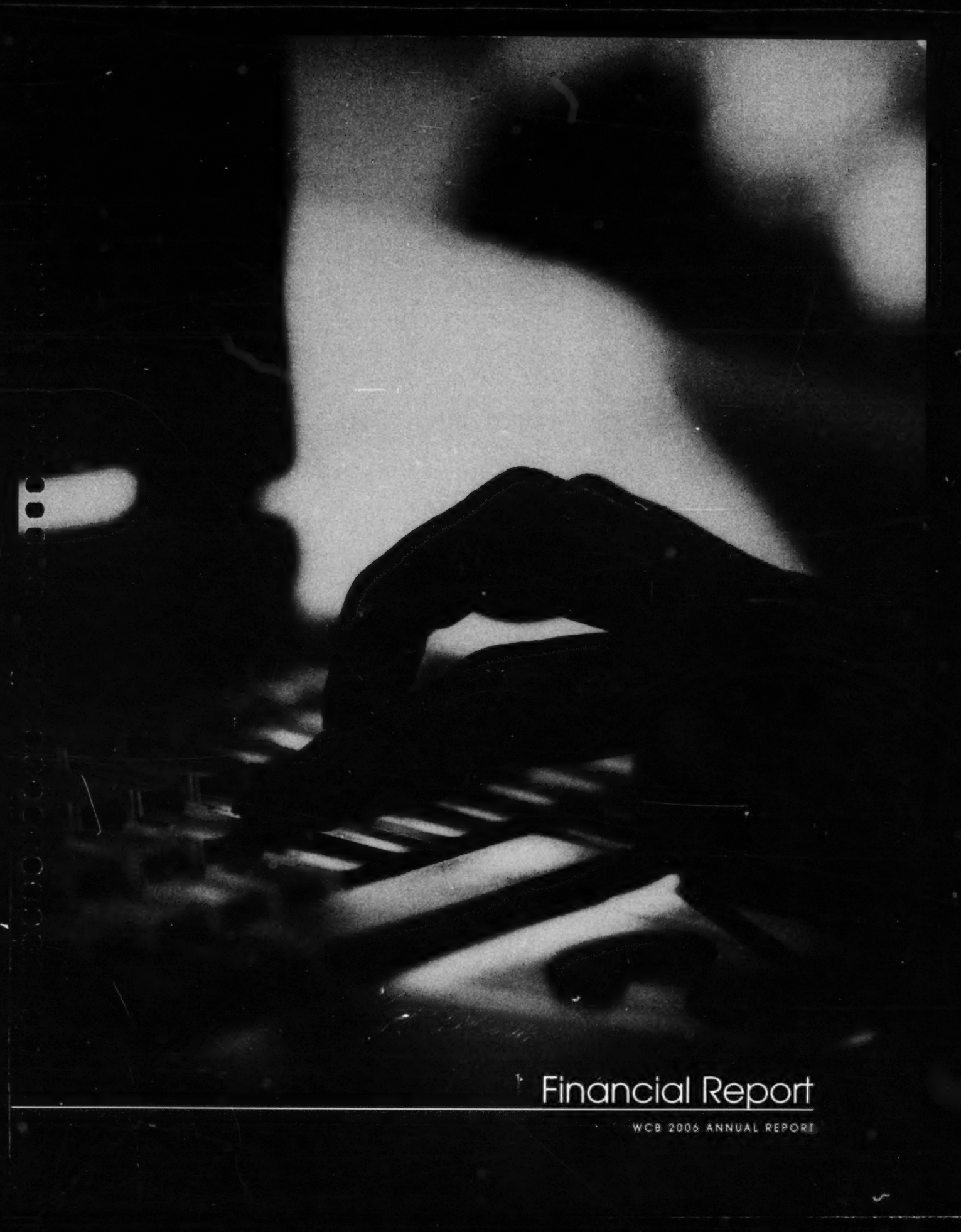
Communication/Service *includes complaints where injured workers feel they are not getting the information or service they need when they need it or in a way they understand it.*

Disagreements with Decisions *captures all complaints where there is a disagreement related to claims management, benefits entitlement or termination of benefits.*

Unadjudicated Claims *captures complaints where injured workers are waiting to have their claim adjudicated because they are without income.*

Process Delays *are those issues where injured workers waited longer than they thought appropriate. Typical, are situations in which injured workers may have waited for benefit cheques, medical aid expense payments or medical aid authorization.*

Information *includes situations where an injured worker or an employer is seeking information on legislation, board policy and procedure or claim status.*



Financial Report

WCB 2006 ANNUAL REPORT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The consolidated financial statements of the Workers Compensation Board of Manitoba (WCB) were prepared by management, which is responsible for the integrity and fairness of the data presented, including significant accounting judgments and estimates. This responsibility includes selecting appropriate accounting principles consistent with generally accepted accounting principles in Canada. Financial information contained elsewhere in this annual report conforms to these financial statements.

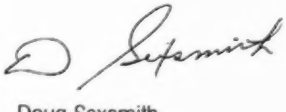
Management believes the system of internal controls, review procedures and established policies provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. Management also believes that the WCB's operations are conducted in conformity with the law and with a high standard of business conduct. The Internal Auditor performs periodic audits designed to test the adequacy and consistency of the WCB's internal controls.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities and has approved the financial statements and other financial information included in this annual report on March 16, 2007.

The Audit Committee assists the Board of Directors in its responsibilities. This Committee reviews and recommends approval of the financial statements and annual reports. Internal and external auditors and the actuary have unlimited access to the Audit Committee. The Audit Committee reviews the financial statements and the other contents of the annual report with management and the external auditors and reports to the Board of Directors prior to their approval for publication.

The firm of Eckler Ltd. has been appointed as the independent consulting actuary to the WCB. Their role is to complete an independent actuarial valuation of the benefit liabilities included in the financial statements of the WCB and to report thereon in accordance with accepted actuarial practices. Eckler Ltd.'s opinion on the valuation of the benefit liabilities is provided on page 25.

Grant Thornton LLP, independent auditors appointed as a sub-agent to the Provincial Auditor General, has performed an independent audit of the consolidated financial statements of the WCB in accordance with Canadian generally accepted auditing standards. Their Auditors' Report, on page 26, outlines the scope of this independent audit and includes their opinion expressed on the 2006 consolidated financial statements.



Doug Sexsmith
President and CEO

Harold B. Dueck, CA
Vice President, Finance and Administration

March 16, 2007

2006 MANAGEMENT DISCUSSION AND ANALYSIS

As an integral part of the annual report, the management discussion and analysis provides further insights into the operations and financial position of the WCB and should be read in conjunction with the audited consolidated financial statements and supporting notes.

The operating surplus in 2006 was $6 million, slightly over the budget of $3 million. Total revenues were $39 million over budget while total expenses were $36 million over budget.

The positive variance in revenues was due to strong investment returns (13.9 percent versus budget of 7.0 percent) and higher deferred assessments charged to self-insured employers. A larger portion of claim costs shifted to the self-insured sector thus increasing their amount owing.

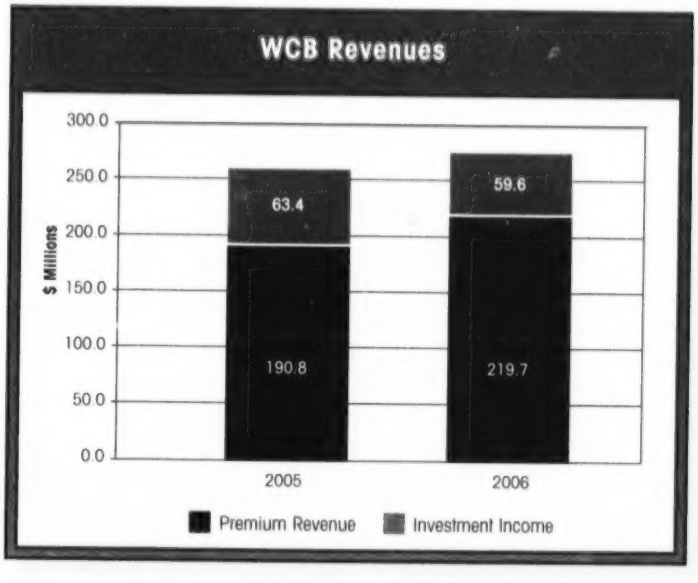
The negative variance in costs was largely the result of several actuarial adjustments such as the discount rate reduction from 6.5 percent to 6.0 percent, and the reviews of the healthcare, long latency, and permanent partial impairment liabilities. Each year the WCB's external actuary conducts the valuation of the organization's benefit liabilities. Actuarial adjustments result when the actuary's analysis makes it necessary to change the amount of these liabilities.

The financial effects of modernizing *The Workers Compensation Act* were experienced during 2006. The WCB estimates that $9.1 million of additional costs were incurred as a result of the Act's benefit enhancements, slightly under the budgeted estimate of $9.8 million. The additional revenue resulting from the modernized Act is estimated to be $2 million, rather than the budgeted estimate of $1 million.

The WCB's operations continued to improve as evidenced by positive changes in the majority of the monitoring measures, such as days to first payment, claims duration, and employer and injured worker satisfaction. The 2006 injury rate was 4.7 time loss injuries per 100 workers. The injury rate was affected by the surge of construction activity in the province. The WCB continues to focus prevention resources on this sector of the economy.

REVENUES INCREASED BY 10 PERCENT

The WCB's revenue is derived from two sources: premium revenue and investment income. 2006 revenues totaled $279 million, a 10 percent increase over 2005 revenues of $254 million. The chart below shows the two sources of revenue.



Premium revenues are the largest revenue stream for the WCB. Premium revenues were $220 million in 2006 versus the budget of $195 million. Premiums are derived from Class E and self-insured employers:

- Class E premium revenues were $180 million in 2006 versus the budget of $175 million. The average assessment rate and employer payroll levels affect these revenues. In 2006, the final average assessment rate was $1.72, $0.04 over the budgeted average assessment rate, while employer payrolls grew 7.0 percent versus the budget of 5.0 percent. These variances were the result of employment being shifted to industries with higher assessment rates (e.g., from manufacturing to construction), economic growth and the ceiling on employers' assessable payrolls being raised.

- Self-insured assessments were $40 million in 2006 versus the budget of $20 million. Self-insured assessments are derived from the claim costs incurred and an allocation of overhead costs that occur in the year. The revenues were $20 million over budget largely due to the unbudgeted actuarial adjustments.

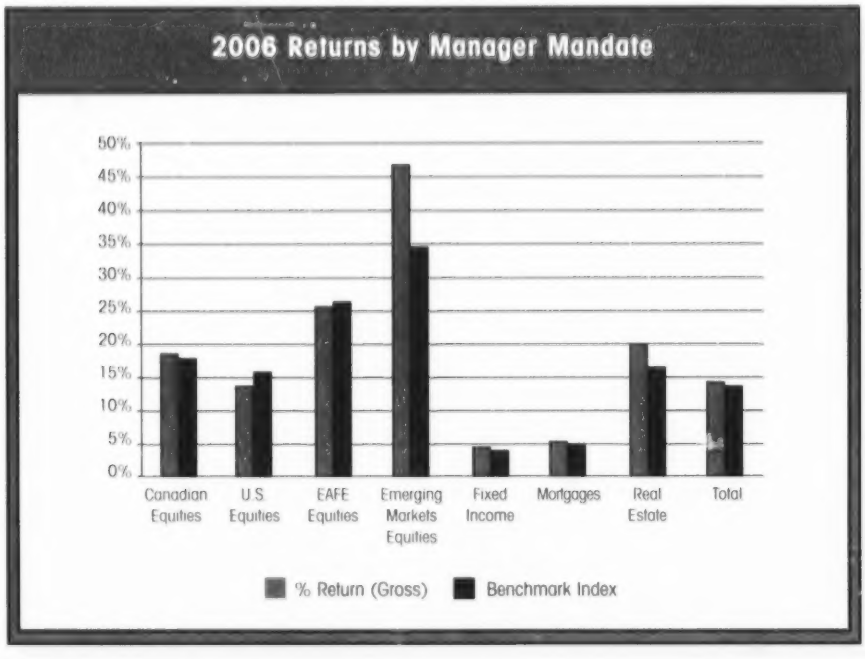
Investment income, derived from the WCB's investment portfolio, was $60 million in 2006 compared to $63 million in 2005. The income for these two years was derived as follows:

- interest and dividend income of $35 million in 2006 versus $29 million in 2005

- realized gains of $25 million in 2006 versus $34 million in 2005.

The investment portfolio is comprised of a variety of asset classes as set by policy. As at December 31, 2006, the portfolio had a market value of $969 million ($865 million in 2005) and an asset mix of 64 percent equities and 36 percent fixed income (62 percent and 38 percent, respectively, in 2005).

The WCB has engaged a number of professional investment managers. Each of these managers has a mandate as well as a benchmark rate of return to achieve. The gross returns before expenses by each manager's mandate and a comparison of this result to the benchmark returns are displayed in the following chart:



The investment portfolio's gross rate of return was 13.9 percent in 2006 (benchmark 13.3 percent) and 12.4 percent in 2005 (benchmark 10.7 percent).

The WCB emerging markets equities were significantly better than benchmark. 2006 marked the fourth straight year of gains in emerging markets equities. The active management of the WCB's emerging markets portfolio focused on careful and effective country and stock selection and produced results that significantly outperformed the benchmark. In general, equity markets remained strong in 2006 with WCB performance in this area relatively close to the aggregate equity benchmark.

In addition to the returns by manager mandate, the WCB had returns of 3.3 percent on the cash and short term investments component and 14.6 percent on its private equity investments.

CLAIM COSTS INCURRED INCREASED BY $40 MILLION

Claim costs incurred increased $40 million (or 22 percent) to $220 million in 2006, including a $27 million charge for a 0.5 percent reduction in the discount rate. Claim costs incurred are an estimate of the full costs for compensable injuries that occurred in 2006, together with adjustments to prior years' estimates. The estimates take into account claims that are in pay, reported but as yet unpaid claims, and unreported claims.

In millions of dollars	Short Term Disability	Long Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total
2006	71.5	57.5	19.9	67.4	3.5	219.9
2005	56.3	50.1	14.3	55.9	3.7	180.2
Increase (decrease)	15.3	7.4	5.6	11.5	(0.1)	39.7

Several notable adjustments were recorded in 2006:

The discount rate for valuing benefit liabilities was adjusted from 6.5 percent to 6.0 percent with an associated cost of $27 million. The WCB, in consultation with the external actuary, concluded that it was a prudent financial decision to reduce the discount rate further in 2006. The discount rate has been reduced from 7.0 percent in 2003 to the current 6.0 percent. The charge to claim costs incurred of $27 million ($12 million in 2005 when the rate was reduced from 6.75 percent to 6.50 percent) is allocated as follows: $3 million to Short Term Disability, $11 million to Long Term Disability, $7 million to Survivor Benefits and $6 million to Healthcare Benefits.

The healthcare liability factor increased substantially with an associated cost of $9 million. The healthcare factor is a ratio representing the amount of future healthcare dollars that are estimated will be spent for every healthcare dollar spent in the current year. The factor increased sharply due to an upward spending trend in healthcare driven by technology advances and inflation.

The long latency component of the Long Term Disability liability was reduced by $2 million. The actuarial model that determines this liability had not been reviewed for a number of years. The review revealed that while the value of the liability was a good estimate, claim demographics had shifted from Class E employers to self-insured employers. Therefore, the long latency liability is now more heavily allocated to the self-insured employers.

Actuarial model adjustments for the permanent partial impairments component increased the benefit liabilities by $6 million. This cost is mostly allocated to the Long Term Disability liability, with a portion allocated to the Short Term Disability liability. The model was updated to more closely reflect the profile of each type of claim included in permanent partial impairment claims.

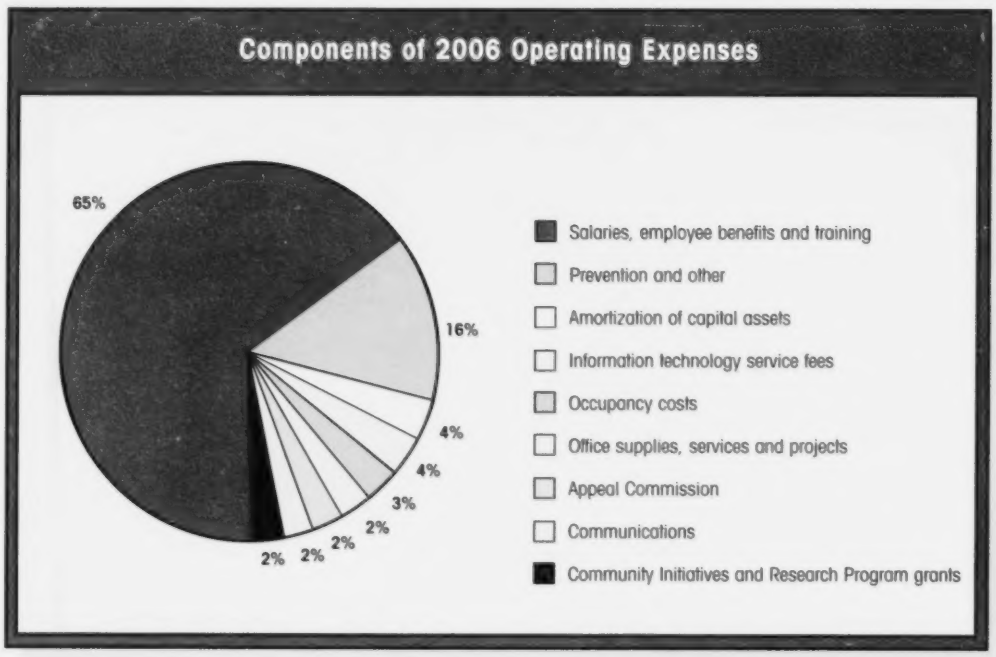
BENEFIT LIABILITIES INCREASED BY $58 MILLION

The benefit liabilities increase (or actuarial adjustment) for 2006 was $58 million ($28 million in 2005). The change in the benefit liability is closely aligned with the adjustments that were explained in the previous section titled *Claim Costs Incurred Increased by $40 Million.* Routine changes due to inflation and actuarial gains and losses also increased the liability.

OPERATING EXPENSES INCREASED BY 4.5 PERCENT

In 2006, the WCB successfully managed the implementation of the modernized legislation, made strides in customer service, carried out customer driven process changes and continued to grow recognition of the SAFE Work message.

The majority of operating expenses increase was in the salaries, employee benefits and training category, combined with a slight increase in funding for the Manitoba government's Workplace Safety and Health Division (prevention and other). The remaining cost areas experienced reductions in spending. The growth in salaries and benefits is attributed to merit and inflationary increases and a $1.2 million increase in the deferred benefit pension plan expense.



OPERATING SURPLUS OF $6 MILLION

The operating surplus of $6 million increased the accident fund reserve to $100 million.

The WCB had budgeted for a $3 million surplus in 2006. Revenues came in $39 million over budget at $279 million, with costs $36 million over budget at $273 million, resulting in the favourable year end result. Investment revenues were the main reason for the positive revenue results, while various actuarial adjustments pushed claim costs incurred over budget.

The 2006 operating surplus was less than the 2005 operating surplus of $23 million primarily due to the actuarial adjustments made in 2006.

TOTAL COMPREHENSIVE INCOME AND ACCUMULATED OTHER COMPREHENSIVE INCOME

Other comprehensive income for 2006 was $56 million, resulting in a total comprehensive income for the year of $62 million. These financial amounts reflect the unrealized gains and losses of the WCB's investment portfolio. As these can be volatile year over year depending on the investment market, the WCB focuses on the operating surplus which excludes the impact of these items.

The accumulated other comprehensive income as at December 31, 2006, grew to $147 million ($91 million in 2005), a direct result of double digit investment returns in 2006.

STRONG BALANCE SHEET

The 2006 funding ratio (ratio of total assets to total liabilities) is 130 percent (125 percent in 2005) with total reserves of $247 million ($185 million in 2005). This ratio is one measure of the financial strength of the WCB with any amount over 100 percent indicating that the WCB is fully funded. Much of this positive performance has come about as a result of strong investment returns for the past four years. At the end of 2006, the WCB's investment portfolio value was $969 million, an increase of $104 million over the 2005 year end balance.

ACTUARIAL OPINION

with respect to
Future Benefit Liabilities of
the Workers Compensation Board of Manitoba

based on an actuarial valuation as at December 31, 2006

We have completed an actuarial valuation as at December 31, 2006 of the benefit liabilities for insured and self-insured employers under *The Workers Compensation Act* as amended to the valuation date. The purpose of this valuation was to estimate the liabilities of the WCB in respect of injuries that occurred on or before the valuation date for inclusion in the 2006 financial statements.

Our estimate of the liabilities as at December 31, 2006 is $789.0 million. This includes provisions for claims arising from specific long latent occupational diseases and for the future cost of administering claims. The provision for the future cost of administering claims has been calculated based on analysis performed by the WCB.

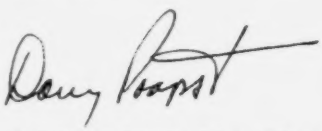
We reviewed the data supplied by the WCB and have performed tests to confirm their reasonableness and consistency with that used in the prior valuation. In our opinion, the data are sufficient and reliable for the purposes of the valuation.

The assumptions used are consistent with those of the prior valuation with two significant changes. First, the discount rates used for this valuation are 6.0 percent for non-indexed benefits, 3.0 percent for inflation linked benefits, and 2.0 percent for wage linked benefits, each reduced by 0.5 percent from the rates used in the previous valuation. Second, updated data analysis resulted in revised claim development assumptions for healthcare, future pension and impairment awards and claims for latent occupational diseases. The assumptions and methods used in the valuation, as described in our report, are based on the current practices and administrative procedures of the WCB and on historical claims experience. In our opinion, the assumptions used are, in aggregate, appropriate for the purposes of the valuation and the methods employed in the valuation are appropriate for the purposes of the valuation.

The report on which this opinion is based has been prepared, and my opinion given, in accordance with accepted actuarial practice.

Respectfully submitted,

Eckler Ltd.



A. Douglas Poapst, F.S.A., F.C.I.A.
February 28, 2007

AUDITORS' REPORT

To the Workers Compensation Board of Manitoba

We audited the consolidated balance sheet of the Workers Compensation Board of Manitoba as at December 31, 2006 and the consolidated statements of operations and accident fund reserve, comprehensive income, changes in accumulated other comprehensive income and cash flows for the year then ended. These financial statements are the responsibility of the WCB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the WCB as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Winnipeg, Canada
March 2, 2007

Grant Thornton LLP
Chartered Accountants

CONSOLIDATED BALANCE SHEET

December 31, 2006
(in thousands of dollars)

	2006	2005
Assets		
Cash	$ 3,112	$ 1,836
Receivables and other (Note 4)	33,658	32,542
Investment portfolio (Note 5)	969,035	865,343
Deferred assessments (Note 6)	43,718	25,862
Capital assets (Note 7)	11,571	11,621
	$ 1,061,094	$ 937,204
Liabilities and Funded Position		
Payables and accrued liabilities (Note 8)	$ 25,366	$ 21,546
Benefit liabilities (Note 10)	789,032	731,093
Total liabilities	814,398	752,639
Accident fund reserve	99,675	93,521
Accumulated other comprehensive income	147,021	91,044
Funded position	246,696	184,565
	$ 1,061,094	$ 937,204

Signed on behalf of the Board of Directors

Tom J. Farrell
Chairperson, Board of Directors

Ron Hambley
Audit Committee of the Board of Directors

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCIDENT FUND RESERVE

Year Ended December 31, 2006
(in thousands of dollars)

	2006	2005
Revenue		
Premium revenue (Note 12)	$ 219,720	$ 190,775
Investment income (Note 5)	59,571	63,415
Total revenue	279,291	254,190
Expenses		
Claim costs incurred (Note 10)	219,917	180,245
Operating expenses (Note 13)	53,220	50,915
Total expenses	273,137	231,160
Operating surplus	**6,154**	**23,030**
Accident fund reserve at beginning of year	93,521	70,491
Accident fund reserve at end of year	$ 99,675	$ 93,521

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year Ended December 31, 2006
(in thousands of dollars)

	2006	2005
Operating surplus	$ 6,154	$ 23,030
Other comprehensive income		
Unrealized gains on available-for-sale financial assets	80,574	64,594
Reclassification of realized gains to the Consolidated Statement of Operations and Accident Fund Reserve (Note 5)	(24,597)	(33,578)
Other comprehensive income	55,977	31,016
Total comprehensive income	$ 62,131	$ 54,046

CONSOLIDATED STATEMENT OF CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME

Year Ended December 31, 2006
(in thousands of dollars)

	2006	2005
Accumulated Other Comprehensive Income		
Balance at beginning of year	$ 91,044	$ 60,028
Other comprehensive income	55,977	31,016
Balance at end of year	$ 147,021	$ 91,044

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2006
(in thousands of dollars)

	2006	2005
Operating cash flows		
Premiums from employers	$ 200,766	$ 186,107
Investment income	30,414	28,339
Claim payments (Note 10)	(161,978)	(152,599)
Purchases of administration goods and services	(51,415)	(50,424)
Net cash provided by operating activities	17,787	11,423
Investing cash flows		
Purchases of investments, net of sales (Note 5)	(14,471)	(9,470)
Capital asset acquisitions, net of disposals	(2,040)	(2,196)
Net cash used by investing activities	(16,511)	(11,666)
Net increase (decrease) in cash	1,276	(243)
Cash at beginning of year	1,836	2,079
Cash at end of year	$ 3,112	$ 1,836

The accompanying notes are an integral part of the consolidated financial statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2006
($ amounts in thousands of dollars unless otherwise noted)

1. NATURE OF OPERATIONS

The Workers Compensation Board of Manitoba (the WCB) was created in 1917 under the authority of *The Workers Compensation Act* of Manitoba. In accordance with the provisions of the Act, the WCB is responsible for:

- prevention of workplace injuries and occupational diseases in conjunction with the Manitoba government's Workplace Safety and Health Division,
- administering payments to injured workers and suppliers of services to injured workers,
- levying and collecting premiums from established classes of employers in amounts sufficient to cover the current and future costs of existing claims, and
- investing surplus funds.

An independent Workers Compensation Appeal Commission operates under the Act to make final rulings on any appeals pertaining to the WCB's assessment or benefits decisions.

The WCB's vision is *SAFE Work – A Way of Life*. The organization's mission is to promote safe and healthy workplaces, promote recovery and return to work, provide compassionate and supportive compensation services for workers and employers, and ensure responsible financial stewardship. The WCB compensates for lost wages, provides support and arranges for rehabilitative help and has a responsibility to injured workers, their families and their employers to help injured workers return to health and productive work in a timely and safe manner.

The workers compensation system is funded through premiums collected from employers. The Workers Compensation Board of Manitoba does not receive government funding or assistance. Surplus funds are invested and are used to protect the WCB and its ratepayers from general business risks and catastrophic events in areas such as investment returns or extraordinary claims costs. To that end, an accident fund reserve, attributable to the Class E employers exists. The target balance for this reserve is based on a formula modified from the Minimum Contributing Capital and Surplus Requirements rules set out by the Office of the Superintendent of Financial Institutions, Canada. The calculation moves in tandem with changes in the size of the WCB's assets and liabilities thereby calculating a reserve target that reduces risk to the organization. The target balance for the accident fund reserve was $181.6 million at the end of 2006 ($169.1 million in 2005).

The WCB's funding policy is intended to ensure that fiduciary responsibilities are carried out in accordance with the Act and that annual influences do not unduly distort the funding process. The WCB is committed to operating on a fully funded basis to a level funding standard. Full funding requires that current employers pay for the current and future cost of existing compensable injuries and their administration, rather than future generations of employers paying for those injuries. Under level funding, the cost of claims with lengthy latency periods is funded in a level fashion over the worker's period of exposure to the elements which led to the injury or disease.

2. SIGNIFICANT ACCOUNTING POLICIES

The WCB's significant accounting policies are as follows:

Measurement Uncertainty

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada, which requires the WCB to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

Basis of Consolidation

These consolidated financial statements include the accounts of the WCB and its wholly owned subsidiaries. Intercompany balances and transactions are eliminated on consolidation.

Cash

Cash includes cash on hand and balances with banks, net of any outstanding cheques. Cash and short term investments held by investment managers and custodians for investment purposes are included in the investment portfolio reported on the balance sheet.

Investments

Under the provisions of Canadian Institute of Chartered Accountants (CICA) 3855 Financial Instruments – Recognition and Measurement, the financial assets of the WCB's investment portfolio are designated as available for sale, and carried at fair value. Other than the real estate portfolio assets in WCB Realty Limited, a wholly owned subsidiary, gains and losses arising from the change in fair value that occurred during the year are recorded in other comprehensive income until the investment is derecognized (sold). At that time, the cumulative gain or loss previously recognized in other comprehensive income is designated a realized gain or loss and reclassified to investment income in the Consolidated Statement of Operations and Accident Fund Reserve. Income from interest and dividends is recognized in the period earned. Investment income is presented net of investment expenses.

The WCB consolidates the real estate portfolio of WCB Realty Limited at fair value, in accordance with CICA Accounting Guideline 18 – Investment Companies. Changes in fair value that occurred during the year are recorded in investment income in the Consolidated Statement of Operations and Accident Fund Reserve.

Fair Value of Investments

Investments are stated at fair value, which is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Publicly traded investments are stated at year end market prices as listed on the appropriate stock exchange, or as provided by the custodian from independent sources.

Pooled fund investments are valued at the most recent unit values supplied by the pooled fund administrator at year end.

The fair value of real estate investments is determined annually by management based on a combination of the most recent independent appraisals of the rental properties and market data available at year end, net of any liabilities against the properties.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized on a straight line basis over their estimated useful lives, as follows:

Computer equipment	3 - 5 years
Systems development	3 - 10 years
Furniture, fixtures and equipment	5 years
Building renovations and leasehold improvements	2 - 10 years
Building	40 years

Employee Future Benefits

The actuarial determination of the accrued benefit obligation for pensions and other retirement benefits uses the projected benefit method prorated on service. This method incorporates management's best estimates of salary escalation, investment rate of return, retirement ages of employees and other actuarial factors. Actual results could differ from these estimates as the assumptions are of a long term nature, consistent with the nature of employee future benefits.

Actuarial gains (losses) arise from the difference between the actual long term rate of return on plan assets for a period and the expected long term rate of return for that period, or from changes in actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gain (loss) over 10 percent of the greater of plan assets or liabilities is amortized over the expected average remaining service life of active employees. Past service costs are amortized on a straight line basis over the remaining service life of active employees expected to receive benefits under the plan.

On January 1, 2000, the WCB adopted the new accounting standard on employee future benefits using the prospective application method. The WCB is amortizing the transitional asset (pension) and transitional liability (other) on a straight line basis over 15 years, which was the average remaining service life of active employees expected to receive benefits under the benefit plans as of January 1, 2000.

Benefit Liabilities

The WCB's independent consulting actuary prepares a valuation of the benefit liabilities of the WCB at each year end. The benefit liabilities represent the actuarial present value of all future benefit payments expected to be made for claims or injuries which occurred in the current fiscal year or in any prior year. The benefit liabilities include provision for all benefits provided by current legislation, policies and/or administrative practices in respect of existing claims and provisions for the future expenses of administering the existing claims.

The benefit liabilities also include the estimated liability for long latent occupational diseases. Due to the nature of the estimated liability for long latent occupational diseases and the extent of related historical claims information available, this liability is more uncertain by its nature than other benefit liabilities. As information is accumulated and analyzed, adjustments may be necessary to improve precision.

Fair Value of Other Financial Assets and Liabilities

Other financial assets and liabilities consist of cash and cash equivalents, accounts receivable and accounts payable. The carrying value of these items approximates their fair value, consistent with the short term nature of these items.

Accumulated Other Comprehensive Income

The designation of the WCB's investment portfolio as available for sale requires the WCB to use accumulated other comprehensive income. Accumulated other comprehensive income is comprised of the cumulative unrealized gains and losses arising from the investment portfolio that, in accordance with primary sources of generally accepted accounting principles, are recognized in other comprehensive income but excluded from the operating surplus.

Premium Revenue

The operations of the WCB are categorized, in accordance with the Act, into Class E (general employers pool) and several classes of self-insured employers.

Employers registered within Class E are subject to collective liability, and premium revenue is estimated by applying applicable industry assessment rates to the employers' reported assessable payrolls for the current year. Any difference between the estimated premium revenue and the actual premium revenue is credited or charged to income in a subsequent year.

Self-insured employers, principally government bodies and railways and their subsidiaries, are subject to individual responsibility for costs attributable to claims arising from their employees, as well as administration expenses incurred on behalf of self-insured employers. As such, premium revenue from self-insured employers is recognized as these costs are incurred.

Foreign Currency Translation

Transactions in foreign currency are converted to Canadian dollars at the exchange rate in effect at the time of the transaction. Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates in effect at the balance sheet date. Unrealized foreign currency exchange gains and losses arising from the investment portfolio are recorded in other comprehensive income until the investment is derecognized (sold). At that time, the cumulative foreign currency exchange gain or loss previously recognized in other comprehensive income is designated a realized foreign currency exchange gain or loss and reclassified to investment income.

3. LINES OF CREDIT

The WCB has established an operating line of credit with its principal banker in the amount of $3.0 million. Advances on the line of credit bear interest at the bank's prime interest rate. The WCB has also established a revolving credit facility with the Province of Manitoba in the amount of $40.0 million. Advances on the revolving credit facility bear interest at the Province's preferred lending rate. Both credit facilities are unsecured. Borrowings during the year amounted to $20.8 million ($17.3 million in 2005), comprised of $7.8 million on the operating line of credit and $13.0 million on the revolving credit facility ($5.3 million and $12.0 million, respectively, in 2005), and were repaid in full as at December 31, 2006.

4. RECEIVABLES AND OTHER

	2006	2005
Premiums – Class E employers	$ 24,806	$ 23,572
Allowance for doubtful accounts	(1,158)	(1,463)
	23,648	22,109
Assessments – Self-insured employers	3,007	3,296
Sundry	1,626	1,329
Accrued pension benefit asset (Note 9)	5,377	5,808
	$ 33,658	$ 32,542

5. INVESTMENT PORTFOLIO

Fair Value of the Investment Portfolio

	2006	2005
Equities		
Canadian	$ 196,167	$ 198,383
Private placements	37,667	29,285
U.S.	135,581	109,665
Europe, Australia & Far East	96,980	85,938
Emerging markets	34,489	23,425
	500,884	446,696
Cash and short term investments	36,762	42,552
Fixed income	313,643	286,977
Real estate (see table below)	117,746	89,118
Total	$ 969,035	$ 865,343

Real Estate Portfolio

The real estate portfolio can be further broken down as follows:

	2006	2005
Rental properties and other net assets	$ 165,292	$ 133,335
Mortgages payable	(47,546)	(44,217)
Real estate investments	$ 117,746	$ 89,118

Mortgages payable on rental properties bear interest at rates ranging from 4.8 percent to 7.4 percent per annum, with maturity dates ranging from 2008 to 2014. Scheduled principal and interest payments for 2007 on these mortgages total $5.9 million. The scheduled amounts of principal repayments in each of the next five years are as follows:

2007	$ 3,159
2008	5,051
2009	11,696
2010	731
2011	12,699
	33,336
Thereafter	14,210
Total	$ 47,546

Investment Income

Investment income was derived from the following sources:

	2006	2005
Cash and short term investments	$ 1,699	$ 849
Fixed income	14,829	13,679
Real estate (see table below)	13,511	11,339
Canadian equities	5,320	3,977
Foreign equities	3,736	3,913
Realized gains reclassified from other comprehensive income	24,597	33,578
Loan interest expense	(34)	(14)
Management expenses	(4,087)	(3,906)
Investment income	$ 59,571	$ 63,415

Real Estate Income

The real estate income can be further broken down as follows:

	2006	2005
Rental income	$ 11,267	$ 8,695
Rental expenses	(4,413)	(2,838)
	6,854	5,857
Appraisal gains	6,657	5,482
	$ 13,511	$ 11,339

Purchases of Investments, Net of Sales

Purchases of investments, net of sales can be further broken down as follows:

	2006	2005
Purchases of investments	$ 1,145,367	$ 1,848,499
Proceeds on disposal of investments	(1,130,896)	(1,839,029)
Net purchases of investments	$ 14,471	$ 9,470

Purchases and sales activities occur primarily within the fixed income portfolio and short term investments.

Commitments

The WCB has contractual agreements to contribute further funding to a maximum of $16.1 million ($25.8 million in 2005) to specific investment projects to be financed from the existing portfolio or from available cash.

Market Risk

The WCB invests in publicly and privately traded equities and bonds available on domestic and foreign exchanges. These securities are affected by market changes and fluctuations. The WCB does not use derivative financial instruments to alter the effects of these market changes and fluctuations.

Credit Risk Management

Credit exposure on fixed income securities arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. Of the fixed income assets in the investment portfolio, 97 percent (97 percent in 2005) have at least an A credit rating. The WCB does not anticipate that any borrowers will fail to meet their obligations.

Securities Lending

The WCB may lend, for fee income, any of its securities to third parties, provided the loans are secured by cash or readily marketable securities having a market value of at least 105 percent of the market amount of the asset borrowed. As at December 31, 2006, these loans amounted to $99.2 million ($73.4 million in 2005).

Foreign Exchange Risk Management

The WCB has certain investments denominated in foreign currencies. During 2006, the WCB did not undertake hedging strategies for the currency risk of foreign investments. While currency fluctuations influenced short term returns, these fluctuations are not expected to affect the long term position of the investment portfolio.

Interest Rate Risk Management

Fluctuations in interest rates are managed by actively controlling the duration of the fixed income portfolio. As at December 31, 2006, the duration of the WCB's bond portfolio was 6.7 years (6.1 years in 2005).

6. DEFERRED ASSESSMENTS

Deferred assessments represent the WCB's estimate of premiums which will be received in the future from self-insured employers to fund the future costs of existing claims that have arisen from their employees. As such, the fair value for deferred assessments is not readily determinable. The deferred assessments may be secured by irrevocable letters of credit or other suitable forms of guarantee. The changes in deferred assessments were as follows:

	2006	2005
Balance at beginning of year	$ 25,862	$ 22,870
Change in future cost liability	17,295	4,225
Change in pension related transactions	1,666	(38)
Interest allocation	(1,105)	(1,195)
Net change in deferred assessments	17,856	2,992
Balance at end of year	$ 43,718	$ 25,862

7. CAPITAL ASSETS

	2006		2005	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	$ 10,932	$ 9,406	$ 11,039	$ 9,419
Systems development projects	11,037	7,370	10,072	6,633
Furniture, fixtures and equipment	1,941	1,908	1,927	1,893
Building renovations and leasehold improvements	3,410	2,479	3,374	2,203
Building and land	5,837	423	5,722	365
	$ 33,157	$ 21,586	$ 32,134	$ 20,513
Net book value	$11,571		$11,621	

As a result of asset dispositions, costs of $1.0 million ($460.3 thousand in 2005) for computer equipment and furniture, fixtures and equipment, and the offsetting accumulated depreciation were removed from the accounting records. A gain of $23.5 thousand ($10.0 thousand in 2005) was recognized on the sale of these fully depreciated capital assets.

8. PAYABLES AND ACCRUED LIABILITIES

	2006	2005
Accounts payable and accrued liabilities	$ 4,496	$ 2,516
Client annuity program	10,536	9,076
Community Initiatives and Research Program grants	2,089	1,904
Deposits from self-insured employers	1,441	1,414
Employee vacation entitlements	2,686	2,539
Unearned revenue	909	1,273
Other payables	1,289	1,216
Sick leave plan (Note 9)	1,920	1,608
	$ 25,366	$ 21,546

9. EMPLOYEE FUTURE BENEFITS

The WCB has two employee benefit plans which provide pension and other post-employment benefits to its employees. The cost of these employee benefit plans is recorded as an expense in the period in which employees' services are rendered.

The pension plan, which is funded by employee and employer contributions, is made up of the WCB Retirement Plan and the Supplementary Employee Retirement Plan. The WCB Retirement Plan is a defined benefit pension plan that provides partially indexed pensions (two-thirds of the Consumer Price Index for Canada) based on years of service and the best five consecutive years average earnings in the last 12 years of employment. The Supplementary Employee Retirement Plan provides that the employees of the WCB whose earnings exceed the threshold earnings for the maximum pension benefit permitted under the federal *Income Tax Act* will receive pension benefits based on their total pensionable earnings.

The WCB also has a defined benefit plan that provides for a payment of sick leave credits to employees that meet established criteria upon termination or retirement. Employees are not required to contribute to this plan.

Total cash payments for employee future benefits for 2006, consisting of cash contributed by the WCB to the funded pension plan and cash payments directly to beneficiaries for the unfunded sick leave plan, were $2.6 million ($2.1 million in 2005).

The WCB measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at December 31 of each year. The most recent actuarial valuation of the Retirement Plan for funding purposes was as of December 31, 2005. The next required valuation will be as of December 31, 2008.

Information about the WCB's employee benefit plans for the year is as follows:

	Pension Plan		Sick Leave Plan	
	2006	2005	2006	2005
Benefits paid by the plan	$ 1,721	$ 3,461	$ 147	$ 154
Employer contributions	2,420	1,971	147	154
Employee contributions	1,514	1,465	-	-
Employee future benefit expense	2,851	1,585	460	417
Actual return on plan assets (%)	13.4%	11.4%	-	-

Reconciliation of funded status of the benefit plans to amounts included in the financial statements:

	Pension Plan		Sick Leave Plan	
	2006	2005	2006	2005
Fair value of plan assets	$ 82,893	$ 70,601	-	-
Accrued benefit obligation	91,827	76,943	$ 3,950	$ 3,030
Plan deficit	(8,934)	(6,342)	(3,950)	(3,030)
Balance of unamortized losses	14,311	12,150	2,030	1,422
Accrued benefit asset (liability)	$ 5,377	$ 5,808	$ (1,920)	$ (1,608)

The accrued benefit asset for the pension plan is included in receivables and other. The accrued benefit liability for the sick leave plan is included in payables and accrued liabilities.

The key actuarial assumptions used to value the employee future benefit liabilities for accounting purposes as at December 31 are as follows:

	Pension Plan		Sick Leave Plan	
	2006	2005	2006	2005
Discount rate	5.25%	5.5%	5.25%	6.0%
Expected long term rate of return on plan assets	6.75%	6.75%	-	-
Rate of compensation increase	3.75%	3.75%	2.25%	2.25%
Expected average remaining service life (in years)	16	16	16	16

The asset allocation for the pension plan as at December 31 is:

	2006	2005
Equity	63%	58%
Fixed income (including short term)	37%	42%

10. BENEFIT LIABILITIES

Benefit liabilities are determined in accordance with standards established by the Canadian Institute of Actuaries. The actuarial present value of future benefit payments reflects management's long term estimates of economic and actuarial assumptions and methods, which are based upon past experience and modified for current trends. As these assumptions may change over time to reflect underlying conditions, it is possible that such changes could cause a material change in the actuarial present value of the future payments. The fair value for benefit liabilities is not readily determinable.

The key actuarial assumptions used to value the benefit liabilities as at December 31 are as follows:

	2006	2005
Discount rate for non-indexed benefits	6.0%	6.5%
Discount rate for CPI-indexed benefits	3.0%	3.5%
Discount rate for wage-indexed benefits	2.0%	2.5%
Discount rate for healthcare benefits	2.0%	2.5%

Effective December 31, 2006, the discount rates were all reduced by 0.5 percent. This change increased the benefit liabilities by $26.8 million.

An analysis of the components of and changes in benefit liabilities is as follows:

	2006						2005
	Short Term Disability	Long Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total	Total
Balance at beginning of year	$ 99,173	$ 350,114	$ 147,857	$ 114,069	$ 19,880	$ 731,093	$ 703,447
Add: Claim costs incurred							
Current year	94,387	445	7,550	44,486	7,246	154,114	138,787
Prior years	(22,854)	57,103	12,390	22,877	(3,713)	65,803	41,458
	71,533	57,548	19,940	67,363	3,533	219,917	180,245
Less: Claim payments made							
Current year	28,078	515	788	17,259	23	46,663	41,634
Prior years	28,327	44,529	13,551	26,413	2,495	115,315	110,965
	56,405	45,044	14,339	43,672	2,518	161,978	152,599
Balance at end of year	$ 114,301	$ 362,618	$ 153,458	$ 137,760	$ 20,895	$ 789,032	$ 731,093

The liability for short term disability claims is an estimate of future wage loss payments for claims that have yet to medically plateau or stabilize. The long term disability liability includes estimated future wage loss payments for those claims that have medically plateaued and stabilized, estimated future pension payments, and estimated future cost of claims relating to certain long latent occupational diseases. The liability for survivor benefits is composed of estimated future pension payments and other services provided to survivors of those who have lost their lives as a result of workplace injuries or illnesses. Healthcare liabilities are the estimated future medical costs for existing claims. The liability for rehabilitation services is composed of the estimated cost of future rehabilitation services which are externally supplied to the WCB.

Also included in benefit liabilities is a provision in the amount of $49.1 million ($43.7 million in 2005) for the future cost of administering existing claims.

11. BENEFIT LIABILITIES FOR SELF-INSURED EMPLOYERS

Note 10 contains a complete description of the components of the benefit liabilities for all employers. An analysis of the portion relating to self-insured employers is as follows:

	2006						2005
	Short Term Disability	**Long Term Disability**	**Survivor Benefits**	**Healthcare Benefits**	**Rehabilitation Services**	**Total**	**Total**
Balance at beginning of year	$ 8,838	$ 33,280	$ 25,613	$ 12,732	$ 1,128	$ 81,591	$ 77,347
Add: Claim costs incurred							
Current year	11,492	8,014	726	8,097	837	29,166	16,478
Prior years	754	4,622	2,865	2,357	(252)	10,346	6,912
	12,246	12,636	3,591	10,454	585	39,512	23,390
Less: Claim payments made							
Current year	3,715	131	70	2,231	1	6,148	5,109
Prior years	3,954	4,354	2,768	4,087	109	15,272	14,037
	7,669	4,485	2,838	6,318	110	21,420	19,146
Balance at end of year	$ 13,415	$ 41,431	$ 26,366	$ 16,868	$ 1,603	$ 99,683	$ 81,591

Included in premiums and claim costs for self-insured employers are payments in the amount of $3.8 million ($3.2 million in 2005) made by self-insured employers directly to injured workers on the WCB's behalf. These amounts are reported to the WCB for inclusion in these financial statements.

Included in the benefit liabilities balance is $10.8 million ($4.0 million in 2005) for self-insured employers' share of the long latent occupational disease liability and $5.8 million ($3.8 million in 2005) for the future cost of administering existing claims.

12. PREMIUM REVENUE

	2006	2005
Premiums – Class E employers	$ 179,495	$ 167,203
Assessments – Self-insured employers	22,369	20,580
Increase in deferred assessments (Note 6)	17,856	2,992
Total premium revenue	$ 219,720	$ 190,775

13. OPERATING EXPENSES

	2006	2005
Salaries, employee benefits and training	$ 35,076	$ 32,251
Information technology service fees	1,899	1,825
Occupancy costs	1,758	1,859
Office supplies, services and projects	647	1,323
Communications	973	1,062
Professional fees	1,009	750
Donations	84	81
Amortization of capital assets	2,090	2,419
Appeal Commission	1,174	1,109
Community Initiatives and Research Program grants	1,000	1,000
Recoveries from the Government of Canada	(821)	(725)
Prevention and other (Note 14)	8,331	7,961
Total operating expenses	$ 53,220	$ 50,915

Of the total operating expenses, $3.6 million ($3.6 million in 2005) were allocated to self-insured employers based on the current year's transaction volumes.

The WCB administers the *Government Employees Compensation Act* program for the Government of Canada. The operation of this program is reflected only to the extent of the recoveries of operating expenses.

14. RELATED PARTY TRANSACTIONS

Pursuant to *The Workplace Safety and Health Act* of Manitoba, the Province may pay the expenses incurred in the administration of that Act out of the consolidated fund and may, subsequently, recover such portion as it may determine from the class funds under *The Workers Compensation Act* of Manitoba. For 2006, the amount charged to operations under this provision is $6.2 million ($5.8 million in 2005).

Also, under Section 84.(1) of *The Workers Compensation Act* of Manitoba, the Province may pay the costs incurred in respect of worker advisors and may recover them from the class funds. For 2006, the amount charged to operations under this provision is $0.9 million ($0.9 million in 2005).

In addition to the legislated obligations referred to above, included in these financial statements are amounts resulting from routine operating transactions conducted at prevailing market prices with various provincial government controlled ministries, agencies and Crown corporations with which the WCB may be considered related. This includes the provision of assistance, in the form of medical opinions and appeal services, for the Province of Manitoba relating to criminal injury claims. The provincial government is also a self-insured employer under *The Workers Compensation Act* of Manitoba. Account balances resulting from these transactions are included in these financial statements and are settled on normal trade terms.

Included in the WCB's investment portfolio as at December 31, 2006, are guaranteed debentures issued by the Province of Manitoba in the amount of $2.4 million ($6.5 million in 2005).

15. COMMITMENTS

The WCB has signed operating leases for office premises expiring at various times until June 30, 2011. The minimum lease obligations over the next five years are:

2007	2008	2009	2010	2011	Total
$551	$516	$368	$258	$50	$1,743

16. AUDITOR INDEPENDENCE

Grant Thornton LLP did not provide any non-audit services to the WCB in 2006 or 2005.

17. COMPARATIVE FIGURES NOTE

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

Statistics and Measures

WCB 2006 ANNUAL REPORT

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In addition to the statistical information provided in this annual report, a **Manitoba Workplace Injury and Illness Statistics Report** *is published. This annual document is a joint presentation of the WCB and the Manitoba government's Workplace Safety and Health Division. To obtain a copy of this report, please call* **954-4760** *or toll-free* **1-800-362-3340**.

INTRODUCTION

The WCB is committed to the organizational goals built upon four themes – Prevention, Recovery, Service and Stewardship. Specific measures have been developed to gauge progress towards these goals.

These statistics and measures enable the WCB to analyze and report on its performance in the current year and measure progress from previous years. Where appropriate, the Manitoba WCB's performance versus the performance of other WCBs across Canada is documented.

PREVENTION

ACCEPTED CLAIMS AND INJURY RATE TRENDS

The WCB is committed to increasing prevention awareness and reducing the province's time loss injury rate. The WCB recognizes that after an initial period of significant reductions, the ability to make gains is now somewhat more challenging (see chart below). The WCB is committed to seeking opportunities for safety and prevention enhancements to ensure Manitobans enjoy safe and healthy workplaces.

Accepted or Unadjudicated Claims	**2002**	**2003**	**2004**	**2005**	**2006**
Time Loss Claims	18,109	17,609	17,308	17,716	18,023
Fatalities	17	25	16	24	23
Pension	131	138	163	191	246
a) Total Time Loss Claims	**18,257**	**17,772**	**17,487**	**17,931**	**18,292**
No Time Loss Claims	17,322	17,767	17,372	17,531	17,896
Total Accepted or Unadjudicated Claims	**35,579**	**35,539**	**34,859**	**35,462**	**36,188**
b) Total Covered Population (full time equivalents)	366,000	377,000	380,000	389,000	393,000 *
Time Loss Injury Rate (a/b)	**5.0**	**4.7**	**4.6**	**4.6**	**4.7**

* Estimate

Note: The Fatalities number includes only claims for workplace fatalities accepted by the WCB for the year. The number does not include unadjudicated claims or fatality claims for workers who are not covered by the WCB.

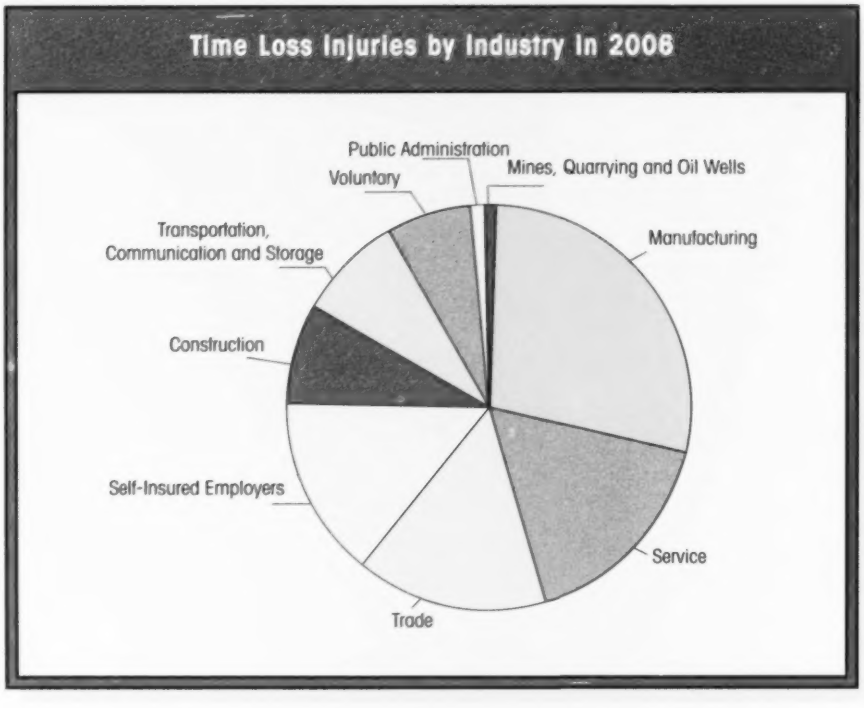
TRENDS IN INJURIES AND TARGETS FOR PREVENTION

The WCB maintains statistics on the following aspects of injuries: time loss injuries by industry, region of body injured and nature of injury.

Injuries by Industry

The pie chart below shows time loss injuries for 2006 distributed by industry. The injury outcomes are very similar to that experienced in 2005. It is clear that the WCB and the Manitoba government's Workplace Safety and Health Division (WSHD) must continue to focus on safety and prevention in order to reach the target of reducing the time loss injury rate by 25 percent.

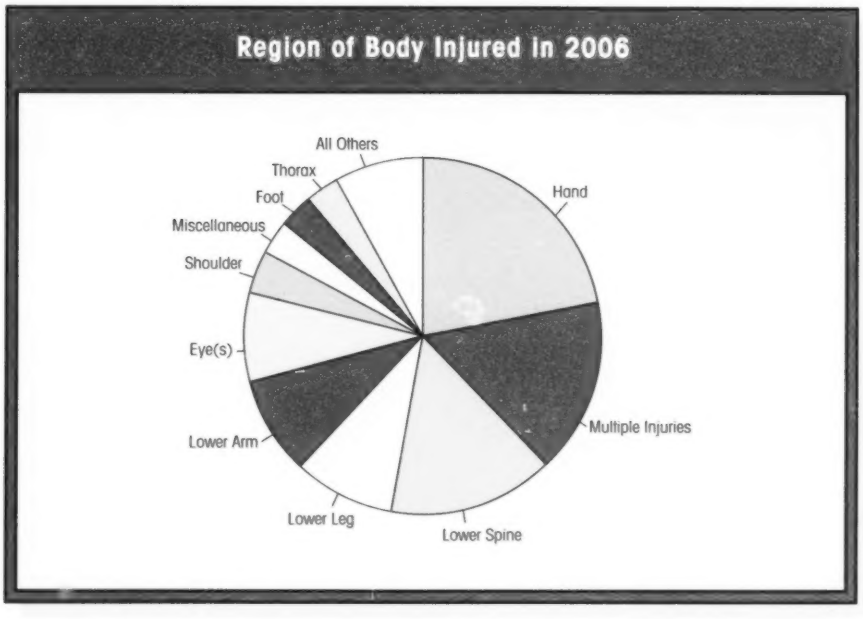
The SAFE Work awareness campaign is a key method the WCB uses to support injury prevention activities with its partners. The campaign is aimed at fostering a culture of safety and health, building partnerships, raising safety awareness among youth, and building a demand for safe workplaces. The WCB and WSHD also take focused and timely action when an increased number of injuries are detected. The recent construction industry injury prevention campaign, for example, was launched in response to increased injuries in this industry.

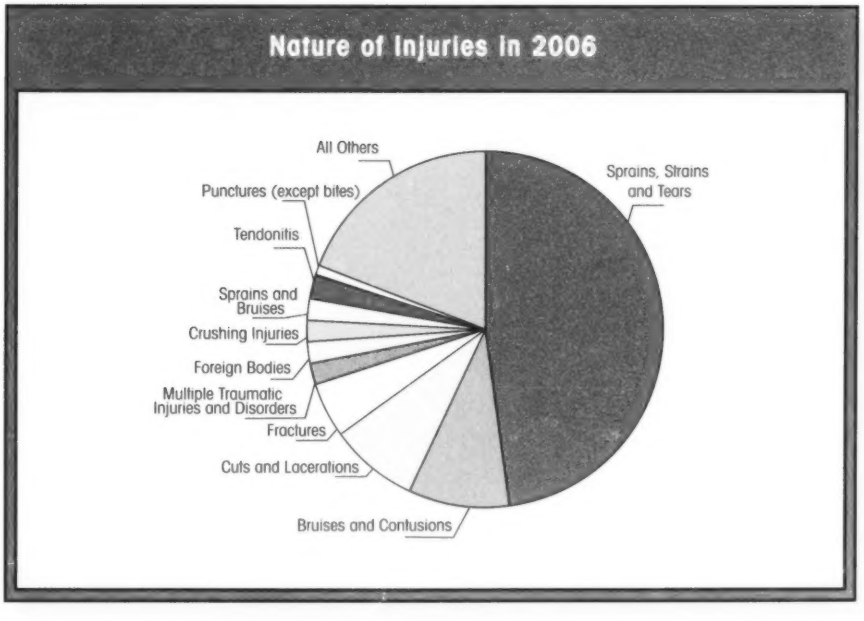


Type of Injuries

The WCB also maintains statistics on the region of body injured and the nature of injury. This information helps to determine where to focus injury prevention messages and resources. About 20 percent of all injuries occur to the hand. Multiple injuries and lower spine injuries (which include back injuries) are the next most common injuries. The majority of injuries that occurred were in the category of sprains, strains and tears.

Using the SAFE Work message (which is recognized by more than eight out of 10 Manitobans surveyed) is an effective way of impacting these workplace issues. The WCB continues to focus attention and provide resources to employers and workers on the most frequently experienced types of injuries in order to effect change.





RECOVERY

DURATION OF CLAIMS

Duration of claims measures the number of days injured workers receive wage loss replacement. This measure declined in 2006, after several years where gradual increases have occurred. Many factors can affect the duration of claims, including demographics and type of injury. Today's typical injured worker is older and almost half of all time loss injuries are musculoskeletal injuries. These two factors increase the average duration of claims.

The WCB is addressing the factors that result in increased duration of claims through continuous improvements to best practices in case management and the case management model as well as by focusing on enabling injured workers to return to health and productive work as soon as safely possible. In 2006, the WCB shifted resources into the return to work area. More tools are now available to assist employers, injured workers, healthcare practitioners and WCB staff with their disability management efforts.

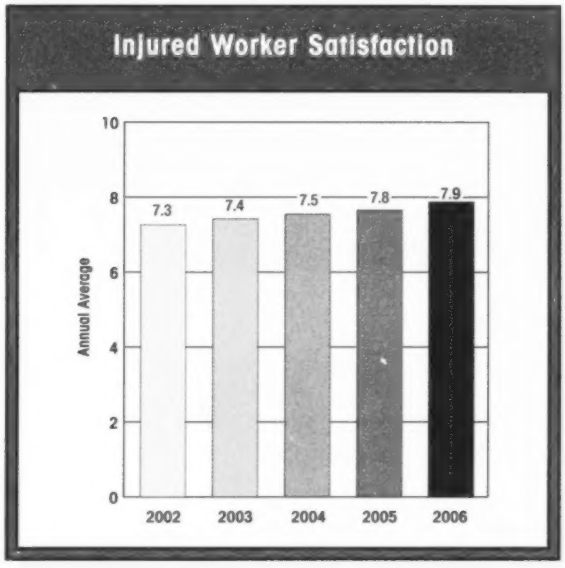
Average Duration of Claims (in days)	2002	2003	2004	2005	2006
1. Average Duration of Claims (Compensation)					
Current Year Claims	20.5	21.3	21.9	22.3	22.1
Claims from All Years	32.5	33.8	33.9	34.8	34.4
2. Average Duration of Claims (All Wage Loss)					
Current Year Claims	20.6	21.3	22.0	22.3	22.1
Claims from All Years	39.4	39.4	39.2	39.3	38.6

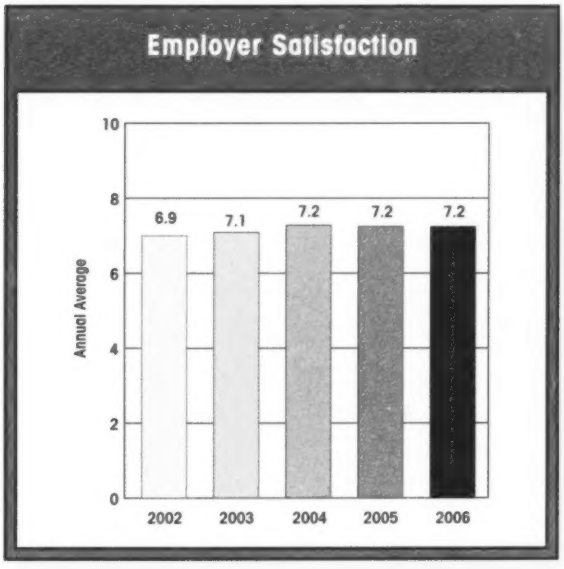
Note: Data for Claims from All Years is now shown using an internal measurement calculation instead of the former Association of Workers' Compensation Boards of Canada calculation. The internal measurement is used as a management tool, therefore, it was considered more appropriate for publishing in the annual report.

SERVICE

The WCB believes in providing service that is **fast, easy, caring, right** and **clear** and is proud of its strong service culture. The WCB strives to meet the evolving needs of all customers and is making significant improvements in this very important area.

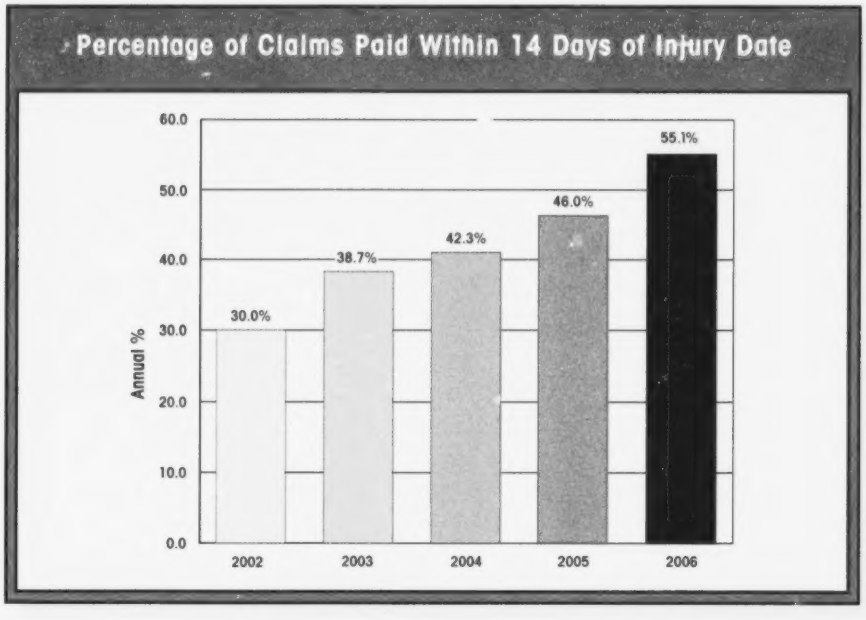
The goal is to sustain an overall customer satisfaction rating of eight out of 10 from our stakeholders. The WCB was proud to attain an 8.1 out of 10 rating in the third quarter of 2006. Other ratings for the year were 7.9, 7.8 and 7.9, with an annual average of 7.9. The WCB is continuing its efforts to sustain an eight out of 10 rating.





TIMELY PAYMENTS

The WCB has adopted several measures to monitor service performance. The organization strives to pay claims promptly and has a goal of having 70 percent of all traumatic time loss claims paid within 14 days of injury. The WCB is making strides in reaching its payment goal.



ACCURATE, FAIR AND TRANSPARENT ADJUDICATION

The WCB aims to adjudicate claims accurately, fairly and transparently and looks to the Review Office and Fair Practices Office referral activity to monitor progress on this goal. The organization is steadily improving adjudication results as evidenced by the decline in Review Office referrals. In addition, the percentage of claims where the Review Office confirmed the initial rehabilitation and compensation decision was 75 percent in 2006, higher than in 2005 when the number was at 70 percent. Finally, enquiries to the Fair Practices Office in 2006 (see page 17) were at 540 enquiries for the year, continuing the previous year's downward trend.

STEWARDSHIP

The WCB is committed to managing the resources of the organization in a responsible manner, ensuring an affordable and financially strong compensation system is maintained for Manitoba workers and employers.

EMPLOYER ASSESSMENTS AND AVERAGE ASSESSMENT RATE

Maintaining a competitive average assessment rate (rate per $100 of payroll) is paramount when it comes to employers' opinions of WCB fiduciary management. In 2006, Manitoba had the second lowest average assessment rate of all jurisdictions in Canada.

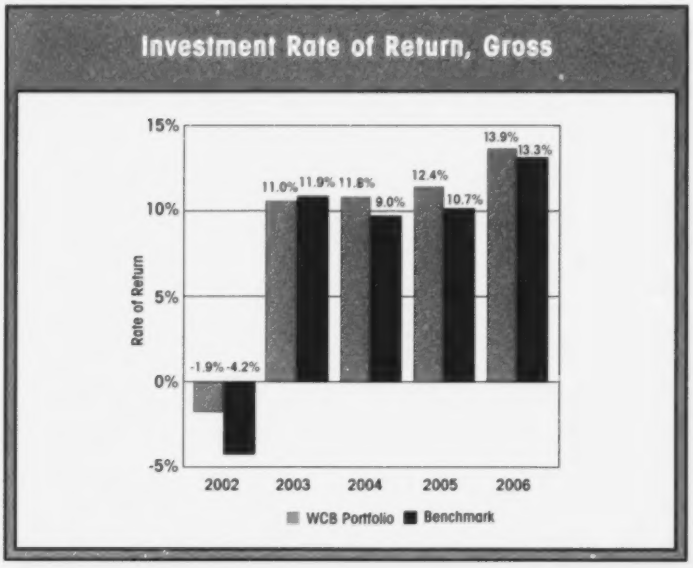
As well, in keeping with the WCB's safety and prevention mandate, employers' assessment rates reflect their claims experience record, with those employers experiencing higher claim costs paying higher rates. In Manitoba, it pays to develop prevention and safety measures.

	2002	2003	2004	2005	2006
1. Premiums					
Assessable payrolls ($ millions)	8,561	8,931	9,334	9,753	10,455
Assessments ($ millions)	131	145	160	168	180
2. Employers					
Number of registered employers at December 31	24,453	24,639	25,110	25,547	26,044
New registrants in-year	2,932	2,481	2,720	2,663	2,355
3. Rates (per $100 of payroll)					
Average - actual	$ 1.53	$ 1.62	$ 1.71	$ 1.72	$ 1.72
Lowest	$ 0.15	$ 0.15	$ 0.16	$ 0.16	$ 0.15
Highest	$ 16.73	$ 26.47	$ 30.34	$ 31.29	$ 41.95

INVESTMENT RESULTS

Investment revenue is a significant revenue stream for the WCB. The investment portfolio is carefully managed by adhering to the WCB's Statement of Investment Policies and Objectives and by monitoring portfolio performance against appropriate benchmarks.

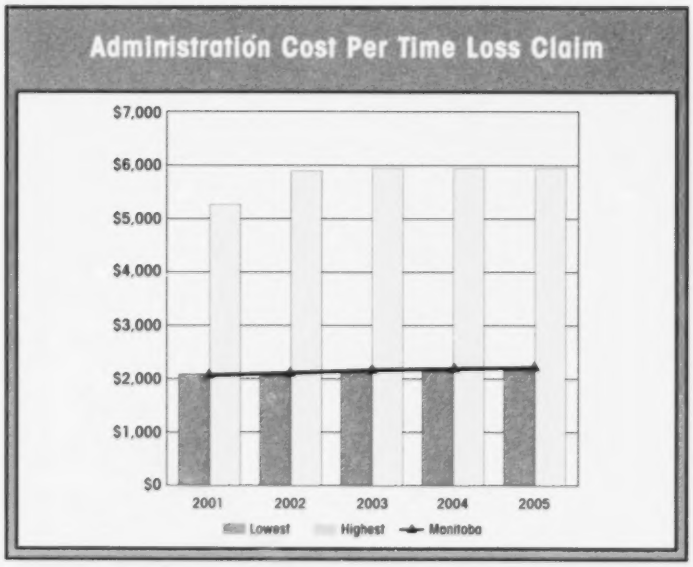
The chart below shows the investment rate of return and the benchmark rate of return. The WCB has been successful in achieving actual returns that are better than benchmark in four of the past five years.



ADMINISTRATION COST PER TIME LOSS CLAIM

While the WCB's goal is to provide excellent customer service and quality compensation services, we strive to deliver these services within a lean organization. One of the measures used to gauge this is the administration cost per time loss claim. Administration costs are a subset of operating expenses and are grouped consistently by all WCBs across Canada.

Manitoba has had the lowest administration cost per time loss claim across Canada for the five years shown below and expects to maintain that status for 2006. (Data for 2006 is not available until mid-2007.)

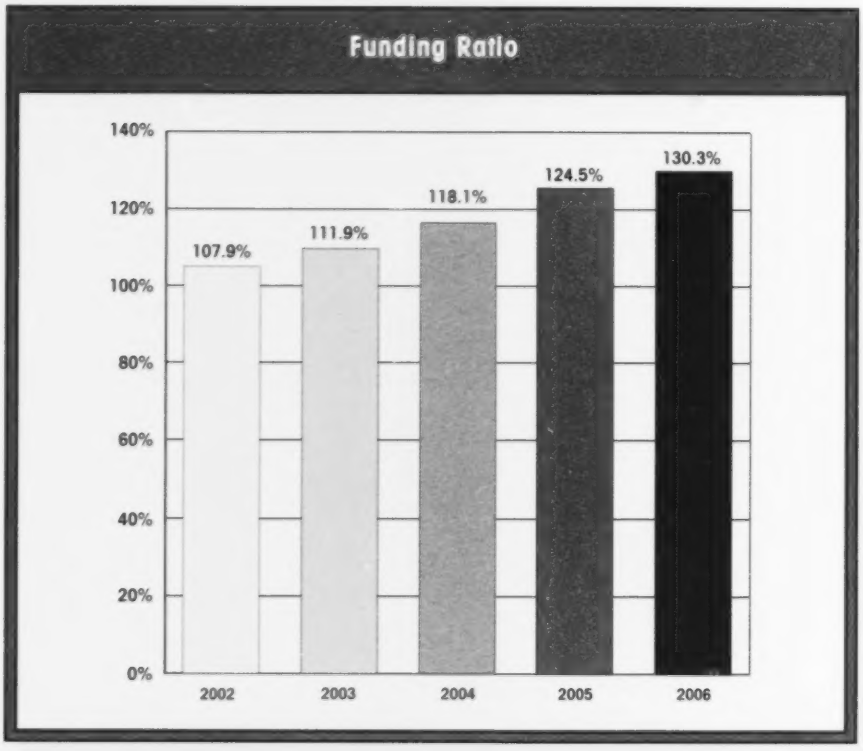


RESERVES AND FUNDING

The accident fund reserve of the WCB exists to protect the WCB and its ratepayers from general business risks and catastrophic events in areas such as investment returns or injury claim costs. Funding formulas provide the WCB with the optimum target balance for its accident fund reserve. The accident fund reserve target assists the WCB in making future financial decisions as the financial impacts to ratepayers are balanced against the risk of a reserve not meeting the target value. The accident fund reserve was $100 million as at December 31, 2006. The target was $182 million.

In addition to the accident fund reserve, the WCB has a reserve called the accumulated other comprehensive income (AOCI). AOCI accumulates unrealized gains and losses from the investment portfolio. The balance in this reserve as at December 31, 2006 was $147 million.

A measure of the financial strength of the WCB is the funding ratio (ratio of total assets to total liabilities). Any amount above 100 percent indicates that the WCB is fully funded with a positive balance in its reserves. Values below 100 percent signal that the WCB is in an unfunded liability position. Manitoba has been in a fully funded position since 1996, with a 2006 funded ratio of 130 percent.



WCB
Workers Compensation
Board of Manitoba

SAFE WORK

SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY